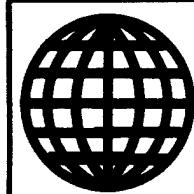


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Macedonian Daily on VMRO-DPMNE in Bulgaria

*92BA0537A Skopje NOVA MAKEDONIJA
in Macedonian 15 Feb 92 p 7*

[Report by Vladimir Tulevski, NOVA MAKEDONIJA correspondent: "Let Historians Discuss the Issue of the Macedonian Nation!?"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] The leader of the VMRO-DPMNE said at a press conference that talks on intergovernmental cooperation were held in Sofia. No discussions were held on the recognition of the Macedonian nation. According to Georgievski, what matters is for Bulgaria to recognize the state of Macedonia and, as for the nation, let scientists argue about it!

Sofia, 14 Feb—A delegation of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization—Democratic Party for Macedonian National Unity], consisting of Lyupcho Georgievski, Dosta Dimovska, and Dragi Arsov, spent two days in Sofia as a guest of the Bulgarian Fatherland Union. The party leadership met with the most noted Bulgarian political personalities, including President Zhelev, Prime Minister Dimitrov, and the leaders all of the main political parties, as well as with representatives of the Independent Committee for National Issues, which includes the leader of the supremacists, Dimitur Gotsev, former head of government Dimitur Popov, and other personalities, who do not conceal their nationalistic views and paternalistic attitude toward Macedonia.

The party leaders ended their visit today with a big press conference held in Sofia. The conference was attended by, in addition to the journalists, many historians who specialize in the Bulgarian history of Macedonia and their supporters.

The first question Georgievski answered triggered the greatest attention. Asked to comment on the single view displayed by all political parties in Bulgaria concerning the existence of a Macedonian nation, Georgievski emphasized the following: "The nonrecognition of the Macedonian nation was not mentioned in even a single one of the more than 10 talks we held. No one raised this question. To us, this proves that now we can have normal discussions. The main topic was the existence of an independent Macedonian state. I can assert that a consensus exists among all parties in Bulgaria on accepting Macedonian independence. It has been occasionally said that Bulgaria will acknowledge the statehood but not the nation. This greatly irritates the Macedonian public because it once again provides opportunities for speculation that Bulgaria's recognition is not definitive and conceals certain intentions. I hope, Georgievski said, that the only possible way is for the two countries to establish contacts as such, while the question of the nation is left to the historians or some academics to deal with it!"

Asked by the NOVA MAKEDONIJA correspondent whether Mr. Georgievski does not find some similarity between the statement made by Todor Zhivkov—"Comrades, let politicians discuss the question of the Macedonian nation, while we cooperate on the economic, cultural, and sports areas"—and the consensus of the present democratic parties in Bulgaria, he answered: "I am not saying that this issue should be neglected. However, the politicians should deal with governmental affairs. During my visit here, I have also discussed with the church leadership the recognition of the Macedonian Orthodox Church by the Bulgarian Orthodox Church." Georgievski said that, in this context, new issues have appeared and mentioned a statement the Bulgarian president recently made in Davos.

At today's press conference, Lyupcho Georgievski denied the existence of ties between the VMRO-DPMNE and the supremacist Sofia VMRO and said that collaboration between the two parties will depend on the extent to which the party in Sofia is prepared to amend its negative views on Macedonia. He explained that the supremacist VMRO operating on Bulgarian territory has only harmed the VMRO-DPMNE by using its connections and talks about the existence of Bulgarophiles in Macedonia and similar issues.

Georgievski also answered several provocative questions, such as whether he supports the policy of the Macedonian minorities in Aegean and Pirin Macedonias and whether it is true that Gotse Delchev was buried in Skopje. The existence or nonexistence of a minority cannot be resolved on the basis of a governmental declaration. It is an issue to be settled by those who live in Pirin and Aegean Macedonia. I know that, on the street, people in Aegean Macedonia do not speak Greek but, rather, Macedonian, he added, triggering a round of applause. As to the grave of Delchev, Georgievski pointed out that it is quite logical for his remains to be located in Macedonia's principal city inasmuch as it was the independence of Macedonia for which he fought and to which he dedicated his entire life.

At the press conference, the journalists asked a number of questions concerning the threat presented by Serbia, the support of Serbia in Macedonia, the plundering committed by the Serbian army, and so on. The threat of Serbian aggression will remain until the last soldier has left the barracks in Macedonia and as long as Miloshvic is still hoping to make Macedonia part of Serboslavia, the speaker answered.

The leader of the VMRO-DPMNE repeatedly tried to explain to the foreign journalists that, in Macedonia, "communism is still strong" and that, until one month ago, it was still a question of whether to remain part of Yugoslavia or to insist on independence. Georgievski explained this with the fact that the Macedonian leadership consists of people who are supporters of the former federal system, who find it difficult to give up some of their habits.

Be that as it may, the press conference achieved its purpose. As to the Bulgarian newsmen, most of whom view the establishing of a Macedonian state as the creating of a "second Bulgarian state" in the Balkans—something like Cyprus and Greece—they seemed satisfied. The Macedonian state exists and, as far as the other issues are concerned, let historians think about them, and, if anyone wishes, it is up to him to disprove the old claim of the Bulgarian academicians, that Macedonia is inhabited by "Macedonians of Bulgarian origin," while the Macedonian nation is the work of the "Comintern!"

[Box, p 7]

Slander Concerning NOVA MAKEDONIJA

Lyupcho Georgievski dedicated a substantial share of his statements at the press conference to venting his

anger at the newspaper NOVA MAKEDONIJA, which, incidentally, long before the leader of the VMRO-DPMNE was born, had already been fighting for Macedonian rights but, naturally, unlike him, has struggled for the recognition of the existence of the Macedonian people.

Once again Georgievski called NOVA MAKEDONIJA a "communist and pro-Serbian newspaper," controlled by a single individual, the director Pande Kolemishevski, who has allegedly accused the VMRO-DPMNE of having ties to Sofia. To make this point even clearer, he invited those present to read the report on his visit to Bulgaria in which, according to him, everything will be distorted and given a communist slant and misinterpreted.

No Danger From Germany, Politicians Agree

92CH0328A Prague LIDOVE NOVINY in Czech
31 Jan 92 p 9

[Interview with Karel Dyba, Czech minister for economic policies, Tomas Jezek, Czech minister for the administration of national assets, Antonin Baudys, Czech deputy prime minister, Karel Spacek, Czech finance minister, and Jan Carnogursky, Slovak prime minister, by Jiri Michal; place and date not given: "Are We in 'Danger'?"]

[Text] With the influx of foreign capital, primarily from large German companies such as Volkswagen, Siemens, and, recently, Mercedes-Benz, voices are being raised questioning whether German influence is becoming too great in our country. The apprehensions are based both on beliefs that economic power influences political power and on historic distrust. Since the fundamental decision on the admission of the third above-mentioned company, just as in the two previous cases, will be made by the Czech government, we posed the following questions to its representatives [as published]:

1. Lately voices have been raised questioning whether we are becoming too dependent on Germany. Do you believe that the traditional fear of Pan-Germanism is still justified?

2. Do you believe that the world is still divided into spheres of influence of large countries with ambitions for attaining power, as it was before World War II, or will such ambitions disappear with the integration of Europe and will the latter make it impossible for such ambitions to return?

Karel Dyba (Minister for Economic Policies and Development in the CR [Czech Republic]—ODS [Civic Democratic Party]):

1. Germany is a very strong state economically and its status (including its political status) will be one of the most dominant in the future unified Europe. On the other hand, Europe, still in the process of unification, has already established effective control mechanisms that will be able to prevent any potential attempts by a member state to misuse its economic power. In this sense, any apprehensions about the expansion of Pan-Germanism in the form of flagrant economic dictatorship are unfounded.

If German investors, relatively speaking, are more successful than investors from other countries in establishing contact with our enterprises, it is not because they receive preferential treatment but, obviously, because they are able to offer the best conditions for further cooperation in specific instances. Their successes could be even greater, and some of the doubts about their entry into our economy could be significantly smaller, if some German investors were more restrained in their forms of expression and in their demands as was suggested, for instance, in the weekly magazine DER SPIEGEL. Talking about a "colony of German capital" in a country that, were it not for World War II and 40 years of

communism, would be a leader in Europe, and that even today, despite its fate, has at its disposal a relatively cheap labor force with a very reasonable standard, is certainly neither very wise nor very tactful.

2. It is obvious that the classic picture of a bipolar world ended with the disintegration of the Soviet Union. Nevertheless, the world is developing dynamically and, already now, one should expect that other large regions with conflicting interests may be created in the future: for example, the rich north and the poor south, or the Muslim versus the non-Muslim, etc. These are phenomena whose significance will spread far beyond the confines of Europe, and the process of European unification cannot, in itself, eliminate them. On the other hand, there is no doubt that a unified and economically strong Europe can be a considerable stabilizing factor in a turbulent world. In the medium term, we must also not forget possible conflicts of economic interests between Europe, the United States, and Japan, which, however, will be very fruitful economically and will be beneficial to consumers' interests unless they culminate in the suspension of market principles in foreign trade; in other words: The ambition to attain power will probably not disappear from the world because of European integration. However, the international community must always be able to lead them onto a path that will be beneficial to economic competition and it must be able to prevent their unfruitful escalation into intolerable conflicts.

Tomas Jezek (Minister for the Administration of National Assets and Their Privatization in the CR—ODA [Civic Democratic Alliance]):

1. I do not believe that the fear of Pan-Germanism is justified. To be sure, Germany always has been and always will be linked to our fate, both in good times and in bad; we are neighbors, and we will remain neighbors (it is also linked to my personal fate). If Germany is strong economically, politically, and culturally today, it is because it received the most precious gift of all from the Allies after the war, i.e., a liberal social order. We, too, can now share this advantage. Fear of Pan-Germanism is nothing more than a lack of faith in one's own strength. I do not have this lack of faith.

2. I think that both large and small countries, at least those that we include in Western civilization, learned one clear lesson from the days preceding World War II: That the most reliable path toward one's own strength and prosperity is peace, i.e., abstention from any attempts to force one's will on anyone else and, simultaneously, the staunch and decisive willingness to defend oneself against such attempts by others. The integration of Europe is based on this foundation.

This means nothing less than tremendous self-control on the part of everyone.

Antonin Baudys (Deputy Prime Minister of the Czech Government—KDU [Christian and Democratic Union]):

1. Every large country with a large population and a strong economy is a significant factor, both economically

and politically, and will be dominant in a specific area whether one wants it or not. This is a simple fact, even if one does not like it.

In regard to foreign capital in our country, we need it, and a massive influx of it into our country is one of the prerequisites for the success of the economic reform. For the time being, there is very little of it here. However, it would be neither economically nor politically advantageous for the capital of any one country, especially the capital of an immediate neighbor, to be clearly predominant here. The influx of foreign capital must be diversified but, of course, market mechanisms must be respected, and this may not be easy.

Obviously, investing in Czechoslovakia is still a risk for many foreign businessmen. A partner who is financially strong can always afford to take greater risks.

2. I believe that, with the increasing integration of various types of capital, powerful influences are, admittedly, spreading but they are also becoming more concentrated.

The integration of Europe can create a counterbalance to the dominant country. However, the development of the countries of the former Soviet Union will be vital not only for Europe but for the whole world. In my opinion, this will be the key to European and world stability for at least the next ten years. This key will be their ability, or their inability, to adapt to a pluralistic democratic system, including a market economy.

Karel Spacek (CR Finance Minister—OH [Civic Movement]):

1. Naturally we welcome the association of our leading enterprises with well-established German companies that are leaders in their field. It will enable us to quickly rise to the world level. However, the conditions of participation must be commensurate with European standards; for example, some demands made by Mercedes are unacceptable. Of course, capital has a lot of weight and power not only economically but also politically. I believe that the attempt to achieve greater diversification of foreign capital participation in our country is totally justified. Foreign capital should be structured in such a way that our country will be securely protected politically and economically. We should not become the back yard of a strong German economy. All the more so, since some political problems have still not been definitively resolved, as is witnessed by the delays in signing the Czechoslovak-German Agreement.

Capital is, of course, an international classification. It will lose its national labels to a large extent once the European integration processes have been completed. An integrated Europe should clearly push national aspects into the background and ensure the same opportunities for everyone. Hegemonic national endeavors should have no place in an integrated Europe.

2. Of course, natural spheres of influence still exist, but I feel that they are different than before. In my opinion, several world economic centers have crystallized, which

are widely dispersed geographically and which are gradually developing into integrated groups (although they take on various political forms). Examples of this are the Central West European region, the North American region, and Southeast Asia. All these groups use the advantages issuing from the international division of labor for economic efficiency. Thus a common "sphere of influence" is the maintenance of stable economic growth without major shocks in the individual countries. Another common interest is the resolution of ecological problems. Developed countries have also become aware of their mutual interest in resolving the problems of poor countries, since the poverty of these countries jeopardizes their wealth.

Furthermore, the world economy can be jeopardized by the monopolization of limited natural resources that are not equally distributed around the globe. Therefore a common "sphere of interest" for all strong economic groups is the preservation of free access to basic raw materials and natural resources with the same conditions applicable for everyone.

Jan Carnogursky (Prime Minister of the Slovak Government—KDH [Christian Democratic Movement]):

1. The traditional fear of Pan-Germanism is no longer justified because traditional Pan-Germanism no longer exists. However, new types of large economic units with a more perfected organization of production have been created that dominate smaller economic units with a less perfected organization of production. Giving priority to the civic principle over the national principle when organizing a state facilitates this kind of dominance, because a citizen will naturally give priority to the more perfected organization of production over the less perfected one.

2. In the meantime, ambitions have been modified to a great extent. For example, military ambitions have gone. However, at the same time, people's sensitivity to foreign influences has increased. The integration of Europe will moderate ambitions still further, but we are not yet integrated into Europe.

Consequences of Country's Possible Breakup

92CH0348B Prague REPORTER in Czech 15 Jan 92
pp 5-6

[Article by Lukas Marvan: "Catastrophic Scenario—A Slovak Version of the Potential Breakup of the CSFR"]

[Text] The fact that the governments of our republics are drawing up lists of measures in event that the federation splits; reports on its possible consequences clearly show "how far we have gone." Two republics, two kinds of "science fiction" about the breakup of a state. One version was formulated by the Czech government with the explanation that a good government must be prepared for any eventuality. The Czech scenario remains basically secret; all that the public was told is that its emphasis is on specific economic and political measures to be taken in the first weeks after the breakup.

The Slovak counterpart of the Czech foresight was made public late last year in the chambers of the SNR [Slovak National Council] and entitled "Report on Economic Consequences of Eventual Division of the CSFR Into Two Independent Republics." As its title implies, it discusses only contingencies. It does not propose any specific measures (however, it is possible that they are included in some unpublished scenario). Right in the foreword it is underscored that the economic perspective is decisive, but the presented material more or less ignores any other aspects (human, social, defense, international and geopolitical). According to its possible process, potential division of the CSFR is here differentiated in very rough outlines into the so-called cooperative and noncooperative separation, in other words, whether the Czechs and the Slovaks (and with them also the ethnic minorities residing on the territory of each republic) will part in a civilized manner in accordance with the principle of mutual benefit, or spitefully and even with "switchblades between the ribs." Nevertheless, if we consider the "diversity" of our current politics and the complexity of human and national characters, some kind of "mixed, cooperatively uncooperative" division may take place. In short, politicians will agree on some issues and on others will put up "a proud front." The report implies that because it is difficult to make accurate predictions of the development, only its static form may be anticipated, that is, a list of economic areas directly affected by the separation may be drawn.

Market Criteria

One must realize that despite all divisions of power-sharing thus far, the more or less market relations between the Czechs and Slovaks, the structure of industry, etc., have been established to serve the needs of their common, if not unitarian state. Even after the separation it will be difficult to imagine a situation where the Czech or Slovak Republic would place, for example, electric power, gas, oil, and their free products in a free market. By and large, this applies to finished products as well. Naturally, usual market criteria should be used in relations between the Czech Republic and the Slovak Republic. However, because of the demanding character of world markets and because of the interconnection of both economies, such criteria are determined for a long time ahead. From that it appears that fears about disruptions in the deliveries of raw materials, industrial goods and semifinished products, and in communication networks are not fully justified. Nevertheless, the basic question is, how to establish relations that are compatible with unified Europe. The most characteristic example mentioned in the scenario is the option to maintain a monetary union between the Czech Republic and the Slovak Republic while observing clearly specified regulations. (Nevertheless, in view of the different standards of both economies and of their weaknesses on both sides, it is very questionable in any other than federal relations. Frankly speaking, the Czech list of "contingency" measures obviously considers the stamping of paper money as one of the top options.)

However, the Slovak scenario mentions the stamping of old and the printing of new banknotes as anomalous measures.

Production Sphere

The Czech Republic holds a near monopoly status, for instance, in the production of passenger automobiles, metal structures, PVC conveyor belts, and Diesel and electric locomotives.... It is quite an opposite situation with the manufacture of refrigerators, bathtubs, partly also of antifriction bearings, etc. As for electronic industry, main outlets for the Czech Republic are carbon materials (75 percent of the production), cables and other conductors (70 percent), transformers and generators (60 percent). An even larger share of exports to the Czech lands consists of television sets (however, the Slovak Republic gets most screens from the Czech Republic) and telephones. The most difficult situation, however, may develop in the so-called fuel and power engineering complex. Slovakia covers most of its consumption of coal with imports from Bohemia (and partly from the former USSR). Furthermore, imports from Bohemia cover most of its consumption of lignite and 10 percent of electric power. It buys almost all natural gas and crude oil from the former USSR. According to the scenario, of decisive importance for both republics should be the importance of mutual deliveries of propellants, oil, liquid fuels, aromatic oils and basic plastics. Moreover, bilateral deliveries of pharmaceutical raw materials, semifinished products and finished goods play a significant role. The commodities of paper industry are considerably interconnected. As for food, the agricultural production of the Slovak Republic can satisfy its entire consumption. Because of higher production costs (inferior natural conditions), however, state sovereignty would lead to marked increases of most food prices (an optimistic alternative of the scenario, which assumes the foreign exchange rate will remain the same, mentions 13 to 20 percent price increases as compared with 1991). For example, the Czech lands annually export to the Slovak Republic, for instance, potatoes and malting barley. From the opposite direction come fruits, vegetables, and certain grain. As concerns machinery for agricultural cultivation, it is evident that Slovakia is very dependent on Bohemia. Bilateral exchange of products of the food industry amounts to about 2.2 billion korunas [Kcs] annually.

According to the scenario, the sector of the Ministry of Transportation and Communications should resolve mutual relations in railroad transportation (at present, the CSD [Czechoslovak National Railroads] receive Kcs10.1 billion in subsidies), maritime and air transportation, the use of telephone networks and information networks. They should be divided on the basis of contracts giving Slovakia about one-third share. It should be underscored that legislative arrangements themselves would markedly increase demands on the Slovak budget (of course, also on the Czech budget). Approximately in this context the scenario states: "Because of a different economic environment and less favorable economic

impacts of the economic reform in the Slovak Republic, it may be anticipated that certain conclusions of economic policies will be reassessed." The Slovak government would have to deal with a number of objective problems related, for instance, with the operation of the transit gasoline, liquidation of the nuclear power plant in Jaslovske Bohunice, financing of the conversion of arms production, development of the fuel and power base, restoration of the environment, and agrarian policies.

Social Sphere

There are 308,300 persons living in the Czech Republic who claim Slovak nationality. In the Slovak Republic 58,500 thousand residents claim Czech, Moravian, or Silesian nationality. Thirty thousand eight hundred persons, 90 percent of them males, commute from Slovakia to work in the Czech lands. Most of those workers are absorbed by industry and construction. Three thousand five hundred persons commute daily from Bohemia to work in Slovakia. However, the above-mentioned data are derived from the most recent poll made in 1986. On the basis of the demographic developments it allegedly may be assumed that the number of Slovak citizens actually entering the labor market will increase to about 120,000-130,000. Because of the baby boom, available labor forces should rise most dramatically in 1991 and 1992.

It is probable that unemployment in the Czech Republic might compel Slovak workers, particularly those whose families live in Slovakia, to return en masse to the Slovak Republic. The document quotes the estimated rate of Slovak unemployment for 1992 as 18 percent, but following the breakup of the CSFR it could rise to 20 percent. The fund for assistance in unemployment for 1992 will be organized on the federal level, which facilitates, among other things, the drafting of a balanced budget for the Slovak Republic. However, if there is a separation, it will be quite another story....

Finances

Because imports are higher than exports, the estimated current Slovak trade balance is passive—approximately minus Kcs14.0 billion, and the balance of payments amounts to Kcs10.6 billion. The repayment of loans from the International Monetary Fund planned for the 1994-98 period is mercilessly approaching. In view of the questionable credit rating of the Slovak Republic it would be difficult to obtain additional loans to improve the balances. Repayment of Slovakia's current credits and interests for one year will exceed Kcs14.5 billion.

With the projected development of balance of payments it would not be possible to maintain the 1:1 rate between currency of the Czech Republic and that of the Slovak Republic. In all probability, Slovakia would have to give up internal convertibility and revert to hard currency regulations.

When All Has Been Said and Done...

The document notes that foreign capital will probably lose a great deal of interest in a market narrowed by the separation; these exact words appear in its conclusion: "With the breakup of the CSFR, the above-mentioned factors would already reflect a slackening or postponement of the economic reform."

If there are any chances for Slovakia's democratic advancement toward prosperity and a lawful state, they will be unavoidably extinguished if the above statement is fulfilled. Although the scenario tries to differentiate here and there between an "optimistic" and a "pessimistic" variants of the development, it must be noted that even its most sober predictions still are excessively optimistic and do not proceed consistently from the actual situation because in that respect it is probable that an independent Slovak state will become but a tiny particle on the storm-tossed surface of the East which is afflicted by hunger and by ethnic and political controversies, while the Czech state will obviously turn into a mere economic satellite of Germany. Anyway, when all has been said and done, we shall get what we deserve.

3 Variants of Federation's Future Suggested

*92CH0348A Prague REPORTER in Czech 15 Jan 92
p 2*

[Article by Martin Mrnka: "What Is Ahead for Us and What Is Unavoidable"]

[Text] In many ways the year we have just begun will be a key year. At least, that is one of the few things on which representatives of all political factions as well as independent forecasters, beginning with Vaclav Klaus and ending with Milos Zeman, can agree. The moot question is, what in fact will this year bring.

Our state is facing an underlying problem which concerns the future of our federation. It is quite probable that we shall celebrate New Year's Eve of 1992 in a subdued mood as citizens of the Czech-Moravian Federal Republic. As THE TIMES of London recently wrote, many Britons regard our republic as a sphere of Germany's influence. Obviously, that will determine also the future fate of our Czech and Moravian state, should Slovakia separate. How certain is it that the federation will in fact break apart?

As I am not a licensed prognosticator, I see no more than three possible alternatives. Everything points to the fact that the state will not be split into two independent entities before the June elections.

Thus, the first of the alternatives for the future says that if the HZDS [Movement For a Democratic Slovakia] and the SNS [Slovak National Party] join forces, the Slovak National Council may be forced to announce early elections which would exhaust the capacity of Slovak voters. Then the participation in the federal elections at a later date would be so negligible that they would serve the separatists as their best argument.

Another possibility is that the victorious HZDS may declare an independent Slovak state without waiting for federal elections.

Of course, there is a legitimate question—why the future Slovak political representation should be interested at all in separation. If we do not consider any irrational national goals which Slovakia may want to achieve no matter what bloody sacrifices it may cost, it is so vitally important that it remain in a common state with the Czech Republic for the next ten or fifteen years that even the most radical separatist would not want full independence. Speculations about prosperity stemming from the control of the valves of oil and gas pipelines do have a bright future. Consequently, the same logic suggests that even after the elections Slovakia will not separate, which is the second variant of the future of our federation. However, there is a problem with the result of the elections per se. All public opinion polls to date indicate that Meciar's Movement For a Democratic Slovakia will win the elections in the Slovak Republic. So long as it is willing to form a postelection coalition with Weiss's Party of the Democratic Left [SDL], the HZDS would absolutely predominate in the Slovak National Council. Meciar's people would gain majority also in the more probable case that the KDH [Christian Democratic Movement] of the Carnogursky brothers becomes their partner in the coalition.

Of course, it is very likely that Klaus's ODS [Civic Democratic Party] may win in Bohemia and Moravia. Therefore, in Slovakia the governmental coalition will be leftist and in the Czech Republic rightist. In that case the common state would lose all its purpose. Without a profound change of programmatic objectives on either side no reform changes can be implemented; the federation will find itself in the situation of a cart pulled by a crayfish and a wild goose.

Because an economic reform in a common state cannot be achieved if one part uses completely different methods than the other part, there are many indications that precisely this fact will be the last big drop in an overfilled bucket. If we consider that Slovakia in fact has no rational reason to insist on its separation from Bohemia and Moravia in the next few years, we shall conclude that after the elections the breakup of our state may be initiated by the Czech partner, specifically, by the victorious ODS where already at this time one may detect indications that it is making systematic preparations for the period after the separation of our state.

A question presents itself: whether that outcome could be avoided. It would be silly to try to convince the Slovaks that in the interest of our common state they should not vote for any leftist parties, as well as to try to convince the Czechs for the federation's sake not to cast their ballots for the right wing. Thus, if we fail to agree on the conclusion of this prognosis, the only solution left is to leave the responsibility for the future of our federation to the wisdom and statesmanship of the few politicians who will make such decisions after the elections. To be sure, whole brain trusts in party headquarters of both

potential winners of the elections must already contemplate this particular question.

Another prognostic mystery is whether after the elections Vaclav Havel will continue as president. Unquestionably he is the only person about whom both our nations can agree that he is competent for that office. However, the president is tired—primarily because he is helpless, he is not given a chance to "meaningfully" intervene in political developments. Some time ago already he indicated that he would need more authority to meet the duties of his office. Undoubtedly, the nation would grant them to him, but political parties in the parliament, which are the only ones with the power to do so, avert their eyes chastely. Many of them somewhat automatically assume that Havel will continue to be a decorative figure, a piece of candy on their own political cake. Naturally, the author of *The Audience* does not intend to play any such role. Therefore, it is obvious that if not forced to it by some more urgent reasons of preservation of the federation, someone else will in all probability address us on 1 January next year with his New Year's message.

The progress of our economic reform will be far more important for the future of our state, which is situated between a prosperous Germany and an impoverished Ukraine. Understandably, potential constitutional changes limit its further progress but it seems that we shall not be wrong if we expect that the coming year will end the social truce and bring a wave of strikes, as the demands of the air control employees already indicate. However, on the other hand, we may not be wrong even if we predict a growing material polarization of our population, including the successful process of the coupon privatization program and as its consequence, a growth of economic production in the fall of 1992.

To make a long story short, we are facing a year when our future will be determined. This calls for a rational, very sober look at individual events the year will bring. That look should not see everything just in black and white, as is occasionally the case with Messrs. Klaus and Zeman.

Exports, Imports for 1991 Summarized

92CH0310A Prague HOSPODARSKE NOVINY
in Czech 17 Jan 92 p 8

[Article by Ivan Angelis, director of Research Institute for Foreign Economic Relations, Prague: "The Transformation in Foreign Trade: New Orientation for the Flow of Goods"]

[Text] The year 1991—and 1992 will be no different—is a period when the stereotype of our economy, including foreign relations, is vacillating sharply because of several shocks: the shock of structural incompatibility between us and Western markets; the shock of exposure of our production to a much more productive environment than we were used to; and the shock of the collapse of the "power field" of the former systemic order. Even if we react to them correctly from the technical point of view, there will be no immediate results since the subjective factors that make a market economy function, primarily

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cultural motivation and work ethics, are lacking at this time. These are the ultimate factors of productivity, efficiency, and ease of functioning of market economies, but not the nominal mechanism of the market itself.

It was in this context that the substantive flows in foreign trade developed and demonstrated the following movements in 1991 (see tables).

Indexes of Change in Czechoslovak Exports and Imports in First to Third Quarters of 1991 (on the basis of value; 1st to 3d quarters of 1990 = 100)

	Nominal	Real
Total exports	161.6	89.3
—To (former) socialist countries	132.8	73.4
—To (former) CEMA	124.9	69.1
—To market economies	191.4	105.8
Developed	198.0	109.5
Developing	161.3	89.2
—To FRG	224.5	124.1
—To USSR	110.6	61.1
Total imports	144.3	79.6
—From (former) socialist countries	133.1	73.6
—From (former) CEMA	144.4	79.8
—From market economies	191.4	85.9
Developed	198.0	80.2
Developing	161.3	130.3
—From FRG	130.4	72.1
—From USSR	184.4	101.9

Note: Nominal indexes are based on values in current prices and rates of both relevant periods—that is, including the strong effect of the devaluation of the Czech koruna; real indexes are based on values rectified to eliminate the effect of the devaluation of the Czech koruna and to demonstrate the change in the conversion ratio in trade with the CEMA sector as decisively as possible (according to the Federal Office of Statistics).

Estimate of Value of Czechoslovak Exports and Imports for 1991 as a Whole (indexes of change compared with 1990)

	Nominal
Total exports	145
—Export to (former) socialist countries	115
—Export to market economies	173
Developed	179
Developing	151

Total imports	123
—Export to (former) socialist countries	103
—Export to market economies	144
Developed	139
Developing	177

Note: An estimate of values corrected according to devaluation is not yet available.

Therefore, according to the data from Czechoslovak statistics, it is possible to conclude that the overall sales in Czechoslovak foreign trade, after eliminating the overvaluing effect of devaluation, decreased in comparison with the first three quarters by about one-sixth; of this, import decreased by about one-fifth. The development more or less correlates with the development of production in the CSFR, or, to put it more precisely, the decrease in real exports is a little smaller than the decrease in production, and the decrease in imports is approximately the same as the decrease in production.

Territorial Shifts

It is obvious that, above all, there was a decrease in trade with former socialist countries. Trade with the Soviet Union plays a key role in this; exports decreased by almost 40 percent but imports did not decrease.

Therefore it is worth noting that although the importance of the USSR as a purchaser of Czechoslovak goods decreased considerably (whereby a relatively significant portion of our production capacities in our machine industry is tied to the Soviet market), the USSR's share among our foreign suppliers increased above the former level. This is one of the paradoxes of the present development: The CSFR was forced to obtain financial resources from the West to pay for imports from the USSR, yet it cannot earn them on the Soviet market despite the fact that, in a number of cases, the Soviet market would need Czechoslovak products. Trade between the CSFR, Poland, and Hungary decreased by a relatively tolerable degree; however, trade with Romania and Bulgaria decreased sharply. The decrease in trade with the People's Republic of China can also be felt.

The most jeopardized period was the first quarter of 1991 when, following the shock caused by the change in the trade and payment system among the former CEMA countries, trade decreased very tangibly. In the second quarter some—though moderate—signs of recovery could be seen. During the third quarter, there was further moderate recovery. Territorial proportions and the structure changed. Countries with market economies shifted toward approximately the same size of share in our foreign trade turnover as the former socialist countries have. Within the framework of market economies, some growth in the shares of developing countries, primarily due to an increase in our imports, was noted. The USSR's share in the turnover dropped sharply and, on the other hand, the FRG's share increased (for this comparison, the former GDR has been included in the

FRG for both periods). The FRG's share in our exports was almost equal to the USSR's share.

Trends in the Composition of Goods

Several characteristic trends can be seen in the composition of goods. In total exports, the share of machines and means of transportation declined and this is developing into a decline in the share of finished products altogether. The decrease in the significance of machines is partly balanced by the increase in the significance of industrial consumer goods, a fact that it is still structurally acceptable. However, a larger portion falls to the increase in the significance of raw materials and semiraw materials, which is hardly desirable. Nevertheless, there was a slight increase in the share of machines in the relation: CSFR-developed market economies. In regard to imports, a further concentration in the categories of energy and raw materials inputs has appeared and there is a decrease in the share of products—despite a significant increase in the importance of imports (machine industry consumer goods from developed market economies).

In sum, one can say that Czechoslovak foreign trade during the last year basically got rid of former dirigism mechanisms. However, the step from segregation to an open and liberal mechanism did not induce our economic organism to provide any brilliant demonstration of hidden potential and production adaptability.

In relation to the wider framework of foreign economic relations, there was a visible revitalization of trade through services, movement of capital (or investments), and movement of the labor force. In the overall economic relations of the CSFR, the importance of services increased slightly at the expense of the share of goods. If

the share of services during the last few years up to 1990 reached 20 percent of the total income from exports, in 1991 it amounted to 22 percent; there is an opposite trend in imports. The balance of services improved and contributed to a greater extent in equalizing the balance of payments account. The increase in the importance of services is, in fact, even greater because ascertaining payments in invisible trade, on which the balance of payments is based, is extremely elusive and the turnover is undoubtedly greater.

If, up to 1989, the volume of inputs of foreign (investment) capital was insignificant, in 1990 it increased to almost \$200 million, and in the first half of 1991 it reached almost \$400 million. It is beginning to play a greater role in the overall equalization of the balance of payments. However, it is still modest compared to the range and categorizations of types (up to the present, there is practically only one type—direct investment—and a unilateral movement into the CSFR) of similar relations among the developed market economies.

The tasks that arise during the course of the economic transformation are not purely macroeconomic in nature; they also have a strictly technical nature. The transformation cannot avoid macroeconomic records and spheres, which, among other things, are also important for macroeconomic diagnoses, such as tax systems, tax controls, etc.—both for reasons of reliability and of external comparability of data. Since we used Czechoslovak data on increases and decreases to describe our foreign trade, it would be pertinent to point out at this time that mirror-image data on our trade with market economies show a better growth in our export and import but a greater imbalance between our exports and imports than our statistics.

Selective Compromise Urged in Media Law Debate

92CH0303C Budapest *BESZELO* in Hungarian
11 Jan 92 pp 14-15

[Interview with Zsolt Krokovay, lecturer in the philosophy of law at Janus Pannonius University in Pecs, by Sandor Revesz; place and date not given: "The Trap of the 'Two-Thirds-Vote Philosophy'"—first paragraph is *BESZELO* introduction]

[Text] This is the third in our series of interviews on the media bill. This time our interviewee is Zsolt Krakovay, a lecturer in philosophy of law at Janus Pannonius University in Pecs.

[Revesz] Everybody is saying that peaceful and constructive legislative work is going on in the National Assembly's Media Subcommittee, and that a bill will emerge within two or three months that will be able to gain passage by a two-thirds vote, even though the differences of opinion over a few points seem irreconcilable for the time being. Prominent at one end in the spectrum of opinions within the subcommittee is Istvan Csurka, who does not want any commercial or independent television network and believes that the best place for public-service media is in the firm hands of the government. At the other end you stand out with your dislike of the European model of state-owned public-service media, and your preference for an American system that has not yet crossed the ocean.

[Krokovay] I am honored by the place to which you are assigning me, but it is flatteringly misleading. Instead, allow me to outline in my own words why the direction is not good in which radio and television are heading at present.

I share the Openness Club's opinion that the politically motivated delaying of independent broadcasting—the moratorium on allocating new frequencies—is censorship. The future liberal coalition has unthinkingly walked into the trap of believing that every aspect of radio and television broadcasting must be solved jointly and simultaneously. In fact, we should start work without delay on framing provisional regulations. Immediately and with reasonable time limits. To that end, we on the liberal side ought to rid ourselves of a political weakness and one of principle. Both are associated with the pact and its "two-thirds-vote philosophy." For if also our Constitution eventually follows the German and European model in declaring that independent radio and television broadcasting are eminently important, perhaps the most important, instruments of our civil rights of free speech—of our fundamental freedoms to debate public affairs and to express our life-style—then the "two-thirds-vote philosophy" will become meaningless here. Then it will not be possible to enact, by any kind of majority, legislation that would affect our rights, and radio and television will not be able to become the subjects of political compromises and occasional penetrations. Regardless of what may have been the original purpose of the limited two-thirds-vote rule under the

new parliamentary government, its flaw is that it fails to distinguish between absolute civil rights on the one hand and fundamental political considerations on the other. Much as I admire Miklos Haraszty and recognize all his merits, I nevertheless feel that he has narrowed our horizon from the very beginning to letting the state monopoly compete partially and to placing it under extensive voluntary public supervision. In other words, instead of developing a market of free players and a system of state subsidies, Haraszty entered into never-ending armistice negotiations, in the interest of a balanced sharing of power. I will not deny for a minute that our bargaining position since the caretaker administration's installation has not been bad to date, but in that struggle we are losing sight of free enterprise's political importance on the one hand, while on the other hand—and this matters far more—the MDF [Hungarian Democratic Forum] and company are gaining time. They are in possession; for them the empire's dismantling is not urgent; and they have survived also the complaints and indignation.

No one wishes to deny that technical administration based on international standards is necessary, as are the clarification of property relations, and commercial regulations to control the reliability of business activity, ban monopolies and prevent unfair competition. In my opinion, all this so far is the task of the authorities, a government responsibility, and does not require separate extensive voluntary public supervision. Of course, this holds true only if and when the substantive part of choosing between rival applicants does not fall within the government's sphere of authority! Instead of duplicating the plan for an Impartial Information Committee that has been adopted under the two-thirds-vote pact, we merely ought to elaborate the vague parts of the concept. We should revert to the principle that this committee is not some board of supervision—incidentally, this would be the world's first board of supervision without executive authority—but a goodwill council with accepted rules and individuals, one that strives for a broad consensus when formulating the general principles of providing state subsidies for radio and television programs; evaluates on that basis the quality of the tender offers of businesses mutually competing for public-service contracts; and finally, through its own prestige, remedies the practical difficulties. If we consider the principle of self-management and the market's various segments, it becomes obvious that in the case of this council we will have to reckon on several subdivisions and levels. In my opinion, one or more public television and public radio networks could fit into this ready-made system. For they could compete with one another for state subsidies, like the other producers of Dutch or pure Hungarian programs, but their specific objective would be the fulfillment of the government's obligations regarding the minimal rights of children, minorities, and of persons disadvantaged for this or that reason. This would be like when the only suitable hall in a village can be reserved by any group of citizens for their programs and open debates. Naturally, such a public forum can be expected

to meet exemplary levels of culture and education, and of information on public affairs and politics; but it would be a mistake not to consider the possibility that, probably in the case of any type of program, there could eventually be two or three editorial offices that would be even better. Presumably the state television news service, for instance, will cease to be a "military position" when there will be about half dozen "commercial" networks able to show viewers what political decency is all about.

But let us now return to the spectrum you mentioned. It is not true that I represent a liberal extreme as opposed to Csurka's populist-nationalist imperialism. Yes, I do approve of public television, and I am not against the state's civilized and impartial zeal in the matter of subsidies. The contrast between Europe and America is also exaggerated, because public-service aspirations are now being supported already on both shores of the ocean, within an abundant supply.

[Revesz] Nevertheless, I still think that you are representing a liberal extreme. Because what you are saying is being said in an environment where the inhibiting forces are lacking that transcend the law and the rules of conduct, preventing the forces in power from doing what they otherwise could do. One almost feels that we will be able to creep to the next elections only along the protective fences of the two-thirds vote. And that perhaps there might not be any next elections but for that "two-thirds-vote philosophy," in which case we would go back into illegality, and we would perhaps be able to speak out in the press only in some out-of-the-way, dirty corner. If that is true or if there is a bit of truth in it, then it is very much in our interest to expand the circle of laws enacted by a two-thirds vote, and we must actively participate in doing so. But that cannot be done by jumping far out of the band within which consensus is at all imaginable. The way I see it, the primary question is the resolution of this political situation. Only with that task on our shoulders can we ponder how to move our principles into this situation.

[Krokovay] I have a very low opinion of the Antall government, yet I do not believe that the next elections would be in jeopardy without the restriction requiring a two-thirds vote. That is an exaggeration. Some sort of rule-of-law state is in their interest as well. But regardless of whether that brake is indispensable or questionable and imperfect, opposition politics today must be based on it. Today. But that does not mean it is entirely pointless to start thinking already now how this could be replaced by a more solid procedure for amending the constitution. How the still lacking constitutional amendments could be introduced. Because, in my opinion, the opposition's idea that various checks and balances, political instruments, are needed to restrain the victors' blustering and to maintain responsible government is related—albeit distantly, I admit—to the national salvation fronts, moot parliaments of intellectuals, grand coalitions, and programs that call for rallying all truly patriotic people of good will. I do not believe that we can

curtail the rule of law just a bit in the given situation, that it is still too early to adhere to the great constitutional principles of political liberalism, that the unblemished protection of civil rights is not yet our task for the time being, that we lack solid democratic traditions, that this is not America, that first we must create order and have to survive, and only then... I do not subscribe to these propositions. In my opinion, we will be able to pension off these peculiar gentlemen only if by the next elections we will have managed to make clear that the fundamental question of liberalism for modern Hungary is not what extent of state intervention and welfare programs we regard as proper in economic policy, but what equal fundamental freedoms mean and how we can ensure them uncompromisingly for every citizen.

[Revesz] But I still insist that, in my opinion, we would really have cause to be afraid when we stop to think what the Media Law might contain if it could be enacted by a simple majority.

[Krokovay] That is my opinion as well. But I did not say that we ought to tolerate without any constitutional restriction every idiocy of the present majority during the next two years. Nor that, in the present situation, we do not have to use the two-thirds-vote rule against various civilized and uncivilized fantasies. I merely said that this is a bad situation.

[Revesz] That is exactly the point. You too see no other alternative than to enact soon a Media Law by a two-thirds vote. In your opinion, what compromises would be permissible to that end? And how do you relate to what the SZDSZ [Alliance of Free Democrats] is advocating in the Media Subcommittee?

[Krokovay] Of interest here is not on which paragraphs and minor details my opinion differs from the present policy, and about which items on such a list I may be right. What we undoubtedly need is a much shorter skeleton law. One which, as I have said, would accept freedom of speech as given and, therefore, would not consider substantive matters at all. One that would regulate only the issues that are the government's concern. In that area I would not donate a single vote, and would tell the whole world so. On the principles of granting state subsidies, however, we will be able to reach good compromises and are already doing so. Although I would make fewer concessions to patriotism that also harms one's devotion to his country, and to Christianity that is harmful to the Christian spirit as well. I regard as bad also cultural protectionism prescribed in the form of quotas, because it necessarily protects also things whose protection is not warranted. When framing the charters of the national public television and public radio networks, I would follow exactly the same path that led to the establishment of the BBC: I would issue charters that are not particularly lengthy, and then I would expect the managements of the new institutions to make voluntary commitments regarding their public-service tasks.

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[Revesz] The draft bill follows European regulations in determining the proportions of programs produced abroad and outside Europe, and of commercials and news.

[Krokovay] These are in part the rules of business activity that go without saying, in part debatable but not impossible economic-policy stipulations, and in part manifestations of the cultural protectionism that is indigenous to Europe. But there are many kinds of

Europe. It is possible to borrow modern as well as obsolete ideas from Europe. The important thing, however, is not whether this policy of economic intervention is good in terms of its objectives and instruments, but that the government is responsible for it and it is the government's policy, even if we do support some of its points. On the other hand, we should be telling everyone already now what our policies will be after 1994.

Security Office in Presidential Chancery Viewed
92EP0208A Warsaw GLOB 24 in Polish 24-26 Jan 92
p 2

[Interview with Jerzy Milewski, acting minister of state for security affairs in the Presidential Chancery, by Andrzej Miklaszewicz; place and date not given: "Command Level"]

[Text] [Miklaszewicz] The National Security Office is to hire nearly 100 people, according to what Minister Ziolkowski said in the Sejm. Does this mean taking over the functions of the Ministry of National Defense.

[Milewski] The BBN [National Security Office] is a new institution that was created a year ago at the order of the president, on 31 January 1991. At that time, it was assumed that it would have a staff of not more than 100 people. Now it is undergoing certain organizational changes, but our two military departments have been noninterchangeable from the outset. We are reorganizing the analysis department, as well as the department associated with the internal affairs ministry's domain, and changes are also being made in the secretariat.

[Miklaszewicz] The number of slots will not grow?

[Milewski] In relation to what? At one time there was no BBN. The National Defense Committee [KOK] had a secretariat with probably twice the number of employees our office has. Since the recent reductions, the BBN now has 75 employees. I think we will bring this number up to between 80 and 85. The military department consists of 15 people. There are 25 persons in the management system department, which also employs chiefly military people.

[Miklaszewicz] There are counterindications regarding the KOK, because of the criticism that it was operating like a supergovernment. As acting Minister of State in the Presidential Chancery, Lech Kaczynski pushed the concept of giving the BBN decisionmaking authority, mainly in the realm of establishing defense policy. Is this another supergovernment?

[Milewski] The jurisdiction of the BBN, which I have directed from the beginning, has not grown. On the other hand, the recent amendment the Sejm introduced concerning the universal defense obligation elevated the office's rank, giving it backing in the law. Up until now it was created by presidential order. The law also combined the functions of the KOK secretary and the head of the BBN. A recent presidential order also created another change. The KOK was expanded to include the Speakers of the Sejm and Senate and the Chief of the General Staff. KOK has no intention of replacing the government or issuing executive decisions circumventing the government. KOK resolutions and suggestions must be presented to the Council of Ministers or individual ministers with a recommendation that they be implemented. That's the way it was last year, and nothing has changed today.

[Miklaszewicz] That is the status quo. And the intentions?

[Milewski] Our views on this matter have not changed during the year either. The president's authority over matters of defense and security must be expanded, because the president is constitutionally responsible for these matters and must therefore bring his influence to bear over what he is responsible for.

[Miklaszewicz] What would be the direction in which this expansion of authority would go?

[Milewski] In terms of the armed forces, the president would need to have greater authority at the army command level. On the other hand, a civil Ministry of National Defense should be concerned mainly with running the army.

[Miklaszewicz] Is authority at the command level related solely to a state of war or a threatening situation?

[Milewski] No, it also includes the process of army training in peacetime.

[Miklaszewicz] Which means the president would also take care of the army's combat readiness?

[Milewski] Yes. Issues of mobilization, arms, the defense industry, and army supply should fall in the jurisdiction of the defense minister, but then the fundamental decisions concerning the size of the armed forces, the budget, and the responsibilities of citizens and institutions related to national defense fall within the domain of parliamentary action.

[Miklaszewicz] But the hitherto unresolved question of allocating the armed forces, that is, bolstering the country's eastern section, would belong to the president?

[Milewski] The shape of the armed forces, their organization, whether they are to be divisions or corps, how they are to be deployed, and what their combat parameters should be fall within the scope of the president's responsibility. The minister, on the other hand, would decide on apportionment into military districts, but I am not presenting these suggestions within the framework of final solutions. These things are still up for discussion.

[Miklaszewicz] But there is still the sensitive matter of personnel decisions.

[Milewski] As things are today, the president makes nominations to the levels of general and higher military posts. It may be we should expand the range of positions directly appointed by the president.

[Miklaszewicz] But nominations are made at the request of the minister of defense, so it is not as though the president had an entirely free hand in filling the top positions, as we can see from the case of Vice Admiral Kolodziejczyk, who was put on retirement, despite the clear intentions of the head of state.

[Milewski] But there was a tremendous misunderstanding in the media, which keep talking about the admiral's being dismissed by Minister Parys. That is not

true. The Sejm removed him from the minister's position the moment the new government was ratified. Admiral Kolodziejczyk then became one of several officers who remained at the defense minister's disposal without being assigned any sort of duties. The normal course of events is that generals approaching or past retirement age give up their positions, but, remaining at the disposition of the minister, they receive their little office with a telephone and a secretary and wait for the next assignment, assisting with their counsel. Now, Minister Parys unexpectedly announced his decision to have Admiral Kolodziejczyk retire.

[Miklaszewicz] Do you support the demand for fundamental personnel changes in the military? An informal officers' organization called Viritim hinted last year that Jacek Merkel should leave the Presidential Chancery, because he opposed these changes. Now today Lech Kaczynski is suggesting that there is resistance at Belweder to personnel shuffles.

[Milewski] The whole corps of generals we have at the moment in Poland won their epaulets in the past, and we have no control over this situation. Most of the generals went through various sorts of courses in the Soviet Union. Nobody sent them to West Point. They had to submit to the rigors that were in effect, and nearly all of them belonged to the PZPR [Polish United Worker's Party], just as nearly everyone, myself included, belonged to the CRZZ [Central Council of Trade Unions] before Solidarity came into being. It would be a mistake to purge the army, because the overwhelming majority of these people are loyal to the leadership of the Third Republic.

Jacek Merkel's departure last March has been discussed by Merkel himself and several other people, and I have nothing to add. All I can say is that it was certainly not connected to the situation in the army or to personnel or organizational concepts concerning the army or the Ministry of National Defense.

[Box, p 2]

Jerzy Milewski, 56 years old, is a physicist at the Fluid Flow Machine Institute of the Polish Academy of Sciences in Gdansk. Several days before the imposition of martial law, he went to the scientific conference in the United States, remaining in the West for the next 10 years and directing the Solidarity office in Brussels. Because of Solidarity he also missed out on his hobby, mountain climbing, his last climb having been in the mountains of Pamir in 1980. He has two grown children.

December 1991 Unemployment, Labor Statistics

92EP0196A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 11-12 Jan 92 p II

[Article by Antoni Kowalik: "Unemployment at the Close of 1991: Job Offers Down, Job Seekers Up"]

[Text] In December, unemployment figures rose by 2.2 percent, or 47,300 persons. The number of those registered who lost their jobs was set at 262,500 at the end of

1991. This represents 11.4 percent of the total number of those employed throughout the whole of Poland.

On employment bureau lists, young people between the ages of 18 and 24 represent the largest number of those registered (33 percent). Within the 25-34 age group lie 29.9 percent of the unemployed.

A profile of job seekers made on the basis of the education of this group of people shows the following: more than one-third possess a basic vocational education; 30 percent of the unemployed have an elementary school education or less; nearly one-fourth are vocational high school graduates, and one-fourteenth are graduates of liberal education high schools. The graduates of higher schools constitute 3 percent of all the unemployed.

In December the highest unemployment rate was noted in the following voivodships: Suwalki—18.6 percent; Olsztyn—18.2 percent; Koszalin—17.8 percent; and Slupsk, Walbrzych, Ciechanow, Jelenia Gora, Ostroleki and Wloclawek—16.5 percent. The lowest rate was noted in Warsaw Center City—4.2 percent; Poznan's unemployment rate was 5.5 percent; Krakow's was 6.2 percent; and Katowice's and Wroclaw's were both 7.7 percent.

Before the close of last year, 4,700 plants announced group layoffs of their employees. It is estimated that this was the cause for job losses for approximately 262,500 employees in recent weeks. Those who lost their jobs because of the situation of the plant represented 23.1 percent of the unemployed at the end of 1991.

Twenty-one percent of those registered in employment bureaus do not have the right to receive unemployment benefits.

The number of job offers announced by plants in December was 29,100. This was 6.2 percent less than in November. Meanwhile, 42,300 unemployed people started jobs, which was also less than during the previous month. Interim work for 22,800 persons was financed out of the Labor Fund and 6,300 people were retrained in a new profession.

Notes From 'Enterprise News' Column

16 Jan 92

92EP0192A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 16 Jan 92 p IV

[Excerpts]

Paribas Together With Exbud?

By all signs, the French Paribas, which is among the few leading, large investment banks of the world, will embark on cooperation with Exbud from Kielce. The French company is interested in opening representative offices in Poland and in Polish-French investment projects, which are also of interest to Exbud. A recent meeting between Chairman Witold Zaraska and Michel Piquet, director of Paribas for Central and East Europe,

and his deputy, indicates that the events are taking a favorable turn. For the company from Kielce, this will be an opportunity to cooperate in a completely new field with an experienced partner of world renown.

Tolped—To Split or To Liquidate?

At present, Tolped from Krakow (the electronics industry) is facing a "to be or not to be" dilemma. A loan obtained in 1990 saddled the enterprise with debts which it is not in a position to pay at present. To make matters worse, it came out that the use of these funds was highly improper. Among other things, Soviet telephone equipment, clothes, and tools, which have been in storage to this day, were purchased with the funds. Also, machinery and equipment unsuitable for the enterprise were imported; defective and currently useless computers were purchased; contracts which are unprofitable for the firm but which need to be carried out now were signed.

The debt now amounts to 30 percent of the worth of the enterprise. In addition, the enterprise maintains unused production shops, machines, boarding hotels, and branch plants. The total area of unneeded premises amounts to about 30,000 square meters now. There are no buyers.

Under the circumstances, the enterprise has two ways out—either to liquidate or, as the new director nominated on a competitive basis proposes, split the enterprise into two segments, a production segment and another one holding all the currently unnecessary assets which are a burden for the company. After all, the production segment which produces resistors has an opportunity to sell these products abroad to a British company and former republics in the East, among others. An American company plans to lease some of the shops to produce foodstuffs.

They Are Perfectly Happy in Pila

The former Polam-Pila, which now, after the acquisition of 70 percent of the stock by Philips, is called Philips Lighting Poland S.A., is perfectly happy with this partnership. As chief of advertisement for the company told TRYBUNA SLASKA, had this partnership not been established, the enterprise would not be a player on the market in view of its obsolete technology. There would have been no funding for development. After joining the Western concern, the standard of production in Pila will catch up with that of other Philips producers within three to five years.

The enterprise is not laying off employees; on the contrary, it is expanding and creating new jobs. The manufacturing of new products is beginning, for example, compact fluorescent lamps which may be screwed in as bulbs. This is supposed to be new in Europe. [passage omitted]

Rescue for Ksiaz

The Ksiaz Porcelain Factory, which has been defunct for half a year, is making efforts to start production. The

write-off of financial obligations of the factory to the state treasury is one of the conditions; the Walbrzych Treasury Chamber has not consented to this. However, recently the Ministry of Finance has been inclined to help the enterprise from Walbrzych; it has ordered that payments be deferred until the middle of this year. It is proposed that further assistance, consisting of, among other things, installment payments on the overdue obligations of the factory, be contingent upon whether planned production is indeed started up. After all, nobody is interested in the demise of this enterprise because this would merely exacerbate the economic difficulties of this region.

From Lublin Voivodship to Eastern Markets

Lublin is becoming a genuine center for trade with the East. Agreements have already been signed on cooperation between this voivodship, and Brest Oblast (Belarus) and Volyn Oblast (Ukraine) with regard to commerce and the organization of joint enterprises, as well as legal and financial institutions for servicing barter transactions. In the long run, barter or clearing houses are to be established on both sides of the border with a view to professionally supporting merchandise trade.

A representative office of the Polish-Soviet Chamber of Industry and Commerce in Minsk is being transformed into the Polish-Belarussian Chamber of Industry and Commerce. At the same time, a Trading House with regional branches in Brest and Grodno is being organized, as well as a joint Universal Exchange. Two shops will also open in Minsk in which Polish foodstuffs and manufactured goods will be sold.

22 Jan 92

92EP0192B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22 Jan 92 p IV

[Excerpts]

Bull in Poland

The French computer group Bull, one of the 10 major groups in the world, set up the Bull Poland branch in Warsaw in order to reinforce its presence in Poland. The branch will operate vigorously in key sectors of the Polish economy, especially in banking, state administration, and services, said Assistant Chairman Ove Lange. The Bull company is already active in Poland: The Ministry of Finance commissioned it to computerize the tax system. The cost of this project is estimated to be 440 million francs. In addition, Bull cooperates with seven institutions of higher education; it intends to invest 20 million francs in these operations over two years. Bull does not wish to regard Poland only as a market for selling its computers; instead, it wants to become involved in partnerships. This year, it will open three more regional bureaus. (RZECZPOSPOLITA information, Agence France Presse) [passage omitted]

Iskra—Protracted Privatization

By all signs, the Rolling Bearings Plant in Kielce, one of the largest enterprises in this region, will finally get a decision on its further privatization. Negotiations with partners which are prepared to invest in the plant and embark on its further refurbishment have already been held. The partners are as follows: the SKF, a Swedish concern in the ball bearings industry, which also has manufacturing enterprises and promotion and sales offices in the United States, Italy, Germany, the Republic of South Africa, India, and Brazil. The Kielce plant would obtain not only capital but also markets for sale and modern scientific research facilities. The Polish foreign trade company Impexmetal and the labor force of Iskra are the other partners. Impexmetal, which has specialized for years in selling and promoting Polish metal products, including ball bearings, also offers its own sales offices and commercial contacts in addition to money. Iskra was supposed to be sold during the first round of privatization, together with Exbud. The labor force has since shrunk by 25 percent. The output is also declining, in view of dropping demand in the domestic market and the collapse of trade with the former socialist countries. The plant, which consists of 15 organizational subdivisions sited on 20 hectares of land, is in need of profound reorganization and restructuring.

A State Farm for Sale

Livestock, including 200 sheep, 1,300 hectares of land, residential developments and single-family homes, as well as grain, insecticides, and machinery—in all, 600 items are offered for sale by the Gardening Combine in Piekoszow, Kielce Voivodship, which is in liquidation. These assets must be sold because the state farm does not have what it needs to pay its debts. As the Kielce press reports, the fate of other state farms in the region is likely to be the same.

Quarries Drawing Closer to Bankruptcy

The Wroclaw Mineral Raw Materials Quarries have been waiting for decisions concerning ownership transformations for half a year. Exbud from Kielce expressed its wish to purchase the quarries as early as last year, and to this day nothing has been done about it. Meanwhile, as GAZETA ROBOTNICZA reports, the Wroclaw quarries are drawing closer to bankruptcy. Last year, the sale of raw materials dropped by 30 percent compared to 1989. The work force, more than 1,000-strong, was cut in half. An opportunity has now appeared to sell about 1.5 million tonnes of aggregate to Germany. Such exports may be the enterprise's salvation, provided that they are profitable. As they calculated at the quarries, this may present a problem, on account of increases in energy prices. This involves, among other things, transportation tariffs of the Polish State Railways, which gave a 40-percent reduction to the quarries last year, but are charging the full amount of fees this year. The Wroclaw quarries owe about 10 billion zlotys [Z] in dividends for the last year to the budget. Exbud stated that it would

settle these obligations provided, of course, that it became the owner of the enterprise.

Competitive Thanks to a Partnership

The Torun-Pacific company, until recently the Potato Processing Enterprise, formed a joint venture partnership with the participation of American capital. Cooperation with the Americans made it possible to replace production lines, including those for processing potatoes into chips, as well as to increase their capacity from 16,000 to 65,000 tonnes. This is as much raw material as is produced by farmers in Torun Voivodship. With a view to securing supplies, the Torun-Pacific company cooperates with potato growers, offering them multiyear sales contracts, competitive prices, and low-interest loans, which will be paid back in this raw material.

23 Jan 92

*92EP0192C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish
23 Jan 92 p IV*

[Excerpt] [passage omitted]

Frenchmen in Rzeszow

The well known French company Transair France, which trades in aircraft, develops aircraft designs, and builds airports, intends to set up its 41st representative office abroad in Rzeszow. A preliminary contract to this effect has been signed with the Technical University of Rzeszow. It provides for the French to train pilots and flight instructors—initially from Poland and subsequently also from other countries—at the Rzeszow center of the Technical University, using their own equipment.

Beer and Cistercian Monks

One of the oldest breweries in Poland, started in Szczyrzyc by Cistercian monks in 1623, is in danger of going bankrupt. The respectable company is in arrears on tax payments for the last year. Brewing 15,000 hectoliters of beer planned for this year will not extricate the enterprise from financial troubles, all the more so because the Cistercian monks who operated the brewery until World War II are seeking compensation for past years.

Notes From 'Economy in Nation' Column

10 Jan 92

92EP0191A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 10 Jan 92 p I

[Excerpt] [passage omitted]

Farmers' Insurance Premiums

In the first quarter, premiums for retirement and annuity insurance for farmers will come to 155,600 zlotys [Z] per person, whereas premiums for accident, health, and maternity insurance—to Z168,000, as a representative

of the PAP [Polish Press Agency] was told by Maksymilian Delektta, chairman of the Association for Farmers' Social Insurance. Individuals who must be insured to a limited extent pay premiums for accident, health, and maternity insurance amounting to one-third of the full premium, or Z56,000. This applies to, among others, peasant workers and individuals hired by farmers. Premiums for the first quarter should be paid before the end of January.

11-12 Jan 92

92EP0191B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 11-12 Jan 92 p I

[Excerpts]

Austrians at Metalexport

On 9 January, a contract was signed in Warsaw on creating a partnership of Intercredit Information Holding GmbH Vienna and the Metalexport company. The new company is called Intercredit Warsaw Ltd. It will operate as a commercial data company. Among other things, its line of business will include the provision of financial information about enterprises and companies, market research and marketing services, training, and debt collection at a fee. Operations are planned to begin in early March of this year.

Grids Under a Magnifying Glass

The Polish Power Grids will produce a study concerning the upgrading of the Polish high-voltage power lines, in cooperation with the international concern ABB and the following companies: the German Preussenelektra, the French Electricite de France, and the Swedish Vattenfall. The objective is to upgrade the grids to West European standards. The cost of the contract for preparing the study comes to several million French francs. This is the beginning of a much greater endeavor—the upgrading of the power grids of East Europe. In the opinion of experts, investments going into billions will be required to this end. In addition, the German and Swedish companies announced a study concerning the modernization of the Lower Odra Heat and Power Plant. [passage omitted]

The Concept of Saving the Iron and Steel Industry

The Metallurgical Chamber of Industry and Commerce in Katowice will appoint a group of specialists which will immediately offer to the government a concept for rescuing the iron and steel industry from an economic demise. Chairman of the iron and steel industry section Roman Wusatowski said that the iron and steel plants cannot operate "on their own to dictates from the outside," or else this industry will be destroyed, as the aircraft industry has been.

13 Jan 92

92EP0191C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Jan 92 p I

[Excerpts]

Imports of Scrap Paper Reauthorized

The minister of environmental protection made a decision to authorize a one-time emergency import of 50,000 tonnes of hard scrap paper intended for four paper mills. This decision is incidental in nature; scrap paper is considered a secondary raw material. However, the execution of this decision is contingent on the Ministry of Industry and Commerce implementing effective arrangements for the procurement of this "raw material" inside the country. To be sure, imports of scrap paper are a departure from the principle of not importing wastes to Poland. However, in the long run, it may benefit both the environment and the economy considerably. [passage omitted]

U.S. Tractors Coming Soon

In February, a department for distributing tractors and farm machines manufactured by the U.S. concern John Deere will begin operations in Warsaw. A. Gawronik, an entrepreneur from Poznan, signed an agreement with the concern earlier. At present, requests are coming in from all over the country from candidates who wish to be dealers for the American company. There is no dearth of private farmers who wish to purchase U.S. tractors "outright," despite their price being several times higher than that for Polish or Czechoslovak tractors. [passage omitted]

Less Milk

Last year, milk output declined drastically, by 2 billion liters, despite the average price paid to farmers for milk increasing from Z1,002 to Z1,451. The drop in the deliveries of milk is a result of selling cows to be slaughtered. This trend has picked up in Czestochowa, Sieradz, Lodz, Skieriewice, and Piotrkow Voivodships. Dairy cooperatives are not meeting requests from trade, whereas private producers of dairy products are jacking up prices for their products. In Olsztyn Voivodship, prices for the "white raw material" were raised as many as two times within one week.

14 Jan 92

92EP0191D Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Jan 92 p I

[Text]

Small-Scale Purchases by MON

Last year, the Ministry of National Defense purchased only 10 T-72 tanks (62 are in deposit), 18 combat reconnaissance vehicles, three technical support vehicles, two radar stations, and 15 radios for cars, says a study by the ministry concerning the draft provisional budget for the first quarter. In 1991, only 1,826 apartments were commissioned. The Ministry of National Defense failed to receive from the Ministry of Finance Z570 billion provided for in the budget, due to which it

could not meet obligations to the defense industry and those for imports. The debts of the ministry came to about Z1 trillion.

IL's Sold Too Cheap?

Deputy Wladyslaw Serafin (Polish Peasant Party) sent a letter to the NIK [Supreme Chamber of Control] seeking the verification of mismanagement charges against the PLL [Polish Airlines] LOT leveled by a group of employees of this enterprise. The deputy sought that the NIK, together with the Ministry of Transportation, suspend the sale of the IL-62 M planes to Ukraine because, as the LOT employees maintain, the agreed-upon amount of sale, \$15 million, is incommensurate with the cost of the equipment offered; in addition, there is no guarantee that it will be collected from the National Bank of Ukraine.

Gryf Split Three Ways

The Polish Enterprise for Open-Sea Fishing and Fishing Services Gryf in Szczecin has split into three separate enterprises within the framework of restructuring. Therefore, Gryf will remain a typical shipowner; it will engage in fishing and fishing services. Gryfryb will process fish, and the fishing port will service ships, organize the pickup of the fish, operate refrigerated storage facilities, and make repairs. These are the first transformations in Polish open-sea fishing. The changes will increase the flexibility and independence of the enterprise which was threatened with liquidation on account of financial difficulties.

15 Jan 92

92EP0191E Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Jan 92 p I

[Excerpt]

Association of Car Importers Formed

An Association of Private Car Importers has been formed. Official representatives of foreign automotive companies, authorized distributors, and dealers who are licensed by their companies to engage in business of this kind may belong to the association. The task of the association is to protect Polish clients against the consequences of so-called wild imports—without service or an opportunity to buy spare parts. Sobieslaw Zasada, a representative of Mercedes in Poland, will be temporary chairman of the association which will not engage in economic operations.

A Customs Agency in Szczecin

The private company Polcargo International Ltd. organized a customs agency which combines services in the area of merchandise inspections with customs inspections and warehouse services. In the opinion of the head of the company, this is necessitated by expanding contacts with international companies and organizations, as well as the continuous growth of foreign clientele. [passage omitted]

17 Jan 92

92EP0191F Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 17 Jan 92 p I

[Excerpt] [passage omitted]

Trade in Goods With Ukraine

This year, we will ship to Ukraine, through border crossings in Dorohusk and Jagodno, 1 million tonnes of coal with a high heat content from the Bogdanka mine and cement from the cement plant in Chelm. Sulfur from Tarnobrzeg and Grzybow and apples from Wola Baranowska will be shipped through Hrubieszow. We will receive artificial fertilizer and coal from Ukraine. [passage omitted]

18-19 Jan 92

92EP0191G Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18-19 Jan 92 p I

[Text]

Costly Cattle Imports

NIK [Supreme Chamber of Control] inspections revealed that cattle importers from the former GDR caused losses of at least Z724 million to the state budget last year in the form of customs duties not assessed and exemptions from the turnover tax. Regulations in effect at the time imposed a 10-percent tax and a 15-percent duty on cattle for slaughter, whereas cattle intended for further breeding were exempt from these payments. At the border, veterinarians certified the processing of cattle for breeding, though they entered inspections of slaughter cattle in their medical logs.

Personnel for Insurance Companies

Since the new year, candidates have been recruited for full-time studies at the Higher School of Insurance and Banking in Warsaw. Recruitment to evening classes and study by correspondence will begin on 15 January. The cost of instruction, which will take three years, comes to Z3.5 million for the first month. Thereafter, the school offers scholarships, bank loans, and sponsorships by various companies.

A Private Aviation Company

Kazimierz Danel, a businessman from Zielona Gora, set up a joint stock company which engages in transporting passengers and freight by air not only within the country but also abroad. The owner kept 61 percent of the shares of the company, the airports enterprise has 25 percent of the shares, and the Art-Woj Foundation representing the Ministry of Defense has 24 percent. The original capital comes to Z1 billion. The company has a Mewa plane with eight seats, and wants to buy several others.

A New Joint Venture

The IBA Corporation which was established in 1989 with a view to promoting Polish agricultural exports in

the world markets, set up a joint venture together with the American Conagra, the largest farm products and foodstuffs concern in the world. The new company will engage in creating markets for Polish exports, on the assumption that grain surpluses in our country will persist. Certain amounts of Polish rye have already been sold to Japan, to which it will be possible to export between 300,000 and 500,000 tonnes of rye annually.

Volkswagen Will Invest in Tarpan

The Poznan Automotive Plant signed a memorandum with Volkswagen of Germany which suggests that small vans of the pickup type and spare parts would be produced in Poznan. If further negotiations are successful the first Volkswagen pickups may be assembled as early as in the beginning of the spring.

The Potato-Processing Industry Has No Raw Materials

Out of last year's crop which came to about 29 million tonnes, or 17 to 18 million tonnes less than in good years, the potato-processing industry managed to procure only 490,000 tonnes of potatoes to meet its needs, which amounts to less than 50 percent of the raw materials needed to use the technological potential of starch plants and enterprises producing dried potatoes in Poland. Last year, the industry procured 1.03 million tonnes of potatoes from farmers.

20 Jan 92

92EP0191H Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
20 Jan 92 p I

[Excerpts]

Computer Expo '92

Poland is getting computerized fast. According to estimates by the American marketing company International Data Corporation (IDC), we spent \$100 million on computer equipment last year in Poland. They say that we will allocate at least twice as much money to this end this year!

It is no wonder that representatives of the leading companies of the world will meet in Warsaw at the Computer Expo '92 fair in order to demonstrate the latest accomplishments in the field of data processing technology (hardware, software, and services). The fair will occupy twice the area it did last year (7,000 square meters, halls in the Palace of Culture and the hotels Victoria and Holiday Inn), said Marek Car, manager of the event which is organized by the Advertising Bureau Ltd.

A New Air Carrier

Polish Marine Shipping entered into a partnership with the Austrian company Bau Holding, which will engage in air transportation. Its aircraft fleet will number three to five SA-AB planes (20 to 25 seats). They will fly domestic and foreign routes, mainly to Scandinavia and western

republics of the former USSR. The company will also undertake ferrying sailors to foreign ports. The first plane will start flying in mid-April at the latest.

Coal for Ukraine

The Bogdanka mine located in the Lublin area has begun to export fine coal to Ukraine. So far, 9,000 tonnes of fine coal have been sold to the Burshtyn power plant, located between Lvov and Stanislavov. The signed contract provides for exports in the amount of 1 million tonnes of coal from Lublin. This means that one-third of the entire output of this mine projected for this year will be exported. In the opinion of the management of the mine, the contract with Ukraine has been signed on very favorable terms. The mine will be paid for its coal at almost twice the price the power stations in Polaniec or Ostroleka pay. [passage omitted]

For a Clean Odra

Four foreign banks, including the World Bank and the European Bank, have announced financial aid for investment projects associated with improving the purity of water in the entire Odra basin. These announcements were made several days ago at an international conference in Szczecin. The conference was devoted to the issue of the purity of the Baltic Sea.

21 Jan 92

92EP0191I Warsaw RZECZPOSPOLITA (ECONOMY
AND LAW supplement) in Polish 21 Jan 92 p I

[Excerpt] [passage omitted]

Declining Transit

Last year, 1,477,000 tonnes of transit freight was transloaded in Szczecin and Swinoujscie, or almost 1 million tonnes less than in 1990. In the opinion of Dionizy Popik, chairman of the board of this port, the abrupt drop in transit is due to the fact that more than 98 percent of the freight is delivered to the port by rail. This is the result of many years of neglect of inland water routes and an insufficient number of road connections. Under the circumstances, foreign customers of our ports increasingly often direct their freight to other facilities.

"Sister Contracts" of Polish Banks

The Western Bank Ltd. in Wroclaw initiated a three-year "sister contract" with the Midlands Bank in London, and the Pomeranian Credit Bank in Szczecin—a contract with the Danish Unibank. It is expected that the remaining seven commercialized banks will initial similar agreements before the end of January. Agreements with Western banks should ensure technical assistance and advice for them. The initiated contracts may be signed after their endorsement by the Ministry of Finance and the World Bank. As chairman of the board of the Western Bank Ltd. Tadeusz Gluszczyk said, British specialists have already embarked on using

modern techniques, a system of organization and management, and customer services at the bank. The initialed contract also provides for possible joint capital ventures. [passage omitted]

22 Jan 92

92EP0191J Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22 Jan 92 p I

[Excerpt] [passage omitted]

Who Bought Real Estate in Poland?

Close to one foreigner out of every five who obtained a permit to purchase real estate in our country from the Ministry of Internal Affairs is a citizen of Germany. As Piotr Szczypinski, chief of the press department of the Ministry of Internal Affairs, stated, out of 541 permits issued, 100 went to the citizens of the FRG, 50 to the citizens of the former USSR, 51 to the citizens of Sweden, 33 to the citizens of Austria, and 23 to U.S. citizens.

Foreign companies obtained 169 permits, and individuals obtained 372 permits.

Requests for purchase permits by 26 companies were turned down; however, the number of unfavorable decisions with regard to individual foreigners is not known.

[Polish-French Company Develops Gas Fields]

The Polish-French company Vikelt finished preparations for exploratory drilling prior to the development of methane deposits in the Walbrzych area. In August of this year, the company received a concession to tap this gas in the area of the Lower Silesian Basin. This was the first concession of this kind in Poland, as well as the first foreign investment project in Walbrzych Voivodship. Vikelt intends to employ in the future some of the miners laid off at the mines of Walbrzych. [passage omitted]

23 Jan 92

92EP0191K Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 23 Jan 92 p I

[Excerpts] [passage omitted]

"Zloty Plus Ruble"

This is the motto of a meeting of entrepreneurs from Belarus and Poland which is being held in Minsk. It has been organized by the union of entrepreneurs of Belarus. In addition to proceedings, the program calls for a meeting at the Business Club, a round table panel, a discussion of the economic situation, as well as a fair for farm goods and manufactured household staples. Several dozen Polish companies are taking part in the Belarus-Poland 92 meeting; some of them have already established themselves in the local market. [passage omitted]

Hamburg to Warsaw in 40 Hours

On 29 January, two-way container rail routes from Hamburg to Warsaw, Lodz, Gliwice, and Gdansk will

begin to operate. The time spent en route by train to the capital city, including border control, should not exceed 40 hours. The venture is sponsored by the newly established company Polzug Polen-Hamburg GmbH which wishes to facilitate an increase in the contribution of the Polish economy to international merchandise trade. [passage omitted]

Ministry of Industry, Trade on Economic Policy

92EP0193B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 23 Jan 92 p I

[Article by Antoni Kowalik: "Intervention Instead of the 'Invisible Hand' of the Market"]

[Text] The decline in sales of industrial products radically reducing the profitability of production, the indebtedness of enterprises, and the growing payment obstructions, as well as the declining investments, are examples of the negative problems and phenomena of the last two years of systemic transformation according to a program based on extreme libertarian theories. The economic policy of the current year must be subordinated to one goal—halting the recession in industry and protecting the interests of the consumer.

That is the conclusion contained in a document "Observations and Proposals for Plans for Socioeconomic Policy in 1992 From the Point of View of Industry and Trade" prepared by the ministry as a "contribution to the government's policy development."

It speaks, among other things, about the need for establishing areas and instruments for restructuring industry, making organizational changes in the central institutions to provide a clear division of powers and a uniform policy toward industry, undertaking actions to promote demand, establishing a rational central investment program, and promoting entrepreneurship and the development of small and medium enterprises.

According to the proposals, implementing the policy plans requires: first, putting the ownership relations in the management of assets into order. This involves, among other things, rapid legislative resolutions of the range and forms of reprivatization, straightening up and supplementing the property records, and the creation of legal and formal ways of relieving enterprises from owning unnecessary assets.

Second, it requires stimulation of investment and economic stimulation. This should be achieved, for example, by investment tax credits and the financing of investments from profits. The document also calls for abandoning obligatory dividends or at least modifying them so that an enterprise carrying out a restructuring investment could finance it regardless of the current situation of the state budget. The dividend should be tied to the financial performance of the enterprise, i.e., that an unprofitable enterprise should not have to pay a dividend, and should be a fee based on effectively producing assets.

It also calls for maintaining the principles for accelerated amortization and not amortizing resources that are not being used, for reducing the interest rate on loans, especially investment loans, for preferential interest loans for restructuring programs, expansion, credit guarantees, for the introduction of insurance by the state treasury, for temporary reductions or exemptions for custom duties for imports of machinery and equipment not produced in Poland and for ending, or at least modifying, the tax on excessive wage increases by tying this tax to productivity. Enterprises undertaking real repair programs should be able to get "emergency" financing. It also calls for the division of enterprises into good ones who find themselves in a difficult situation, these would receive help and into bad ones who would have no chance of paying their obligations. The document also speaks of the need to increase access to foreign capital sources, of simplifying the repair, liquidation, privatization procedures, and of stimulating exports and supporting competitiveness.

The proposed ending of the current obligatory principles for economic policy, as Andrzej Lipko, the head of the ministry of industry and trade, said at a press conference on 22 January 1992 will cause a temporary reduction in budget income. In the current situation, the income cannot be collected. The exemptions, however, will allow enterprises to get out of free fall and will increase budget income in the future. As a basic condition for the effectiveness of such a program Minister Lipko listed the cooperation of the parties interested in its implementation, the central bodies, the banks, and the enterprises. Directors, who come to us and ask when are we going to sell them reserves, introduce subsidies or a protective tariff, will not be allowed to enter the ministry said Andrzej Lipko.

Rural Solidarity Returning to Activist Stance
92EP0195A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 15 Jan 92 p II

[Article by Edmund Szot: "Rural Solidarity Under New Leadership: A Union of Immoderate Claims"]

[Text] After Gabriel Janowski, the current minister of agriculture and food industry, submitted his resignation as the chairman of Rural Solidarity [NSZZ RI "S"], the National Council assigned his duties to Roman Wierzbicki, the previous deputy chairman and a farmer from the Lublin region. He will serve until the National Congress of Delegates of NSZZ RI "S" is held on 6, 7, and 8 March 1992 in Warsaw.

On 14 January 1992, a press conference was held at which the most pressing tasks of the union and its position on the government's agricultural policy were presented. The comments of R. Wierzbicki showed that the union he directs wants to make moderate claims which should be understood as meaning that it will defend the interests of agriculture as the ability of the economy permits. However, the documents presented to

the journalists, i.e. the resolution adopted recently (11 January) by the National Council, present an entirely different picture.

The National Council decisively rejected the proposed temporary budget; in its opinion, it "gives agriculture no chance." Thus, essential corrections should be made. The new chairman was not able to specify which ones off hand. Further, the National Council decided that it is essential to renew negotiations with the government on the introduction of minimum guaranteed prices for milk and bread wheat. The National Council required the deputies of the Peasant Accord to introduce a deputy initiative to form a Sejm extraordinary commission to settle all of the affairs discovered, including bringing those to justice who are responsible for the current situation. The other demands of the National Council concerned maintaining the payments for agricultural insurance at current levels (regardless of the rate of inflation?, my question—E. Szot). Further, the Council protested the way of introducing price increases for energy sources without consulting the union and the adoption by the Ministry of Labor and Social Welfare the amount of income per accounting hectare for farms without consultation. The National Council thinks that the union should participate in filling the positions at all levels of the newly created Agency for Agriculture Ownership at the state treasury. Individual farmers should have priority in purchasing and leasing lands and assets under the control of the Agency. Privatization of enterprises serving the agricultural sector should include, in the opinion of the Council, the trade unions. Representatives of NSZZ Solidarity should be returned to the Council of the Agency for the Agricultural Market as rapidly as possible. (At one time, they left that Council in protest over its minimal powers.)

The Council also took a position on farmers' debts. It thinks, as does the National Commission on Agricultural Debts and Loans, that implementing the agreements on this issue has not restored creditworthiness to farms; the banks deal with the farmers in an ambiguous manner; there is no system of credits permitting farmers to exit the credit trap. Chairman Wierzbicki developed the subject and presented the union's point of view. The entire embarrassment with the debts, in the opinion of the unionists, falls first on the government, which promised that the interest rates on loans would decline; second, it falls on the banks that gave loans without making sure the farmers would be able to pay them; third, it falls on the farmers who took the loans. The union now considers the task of reducing farm debt the most important item; it considers gaining preferential loans second; it considers the introduction of minimal guaranteed prices third. The sum of all these proposals by Rural Solidarity provides a picture of a union not so much agreeable as placing obstacles in the path of the new government, although the Council has declared that it will not call for a vote of no confidence. The difficult situation of the Polish rural areas undoubtedly influenced the radicalization of the attitudes of the leadership of Rural Solidarity, but it must also be attributed to the

formation of a new farmers' union "Self-Defense," which could in time deplete the membership base of Rural Solidarity if it does not step forward more decisively in defense of farmers' interests.

Few Buyers, Limited Results in Privatization

92EP0195C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18-19 Jan 92 p I

[Article by Ada Kostrz-Kostecka: "Sales of State Enterprises: Old Factories in New Hands"]

[Text] Either the new social layer of domestic capitalists is too thin or it considers investing in restructuring or modernizing existing economic objects seems not profitable enough. In any case, those interested in buying enterprises are few in number. Quick sales of small and medium enterprises addressed exclusively to Polish capital have produced few results. The Ministry of Ownership Transformation announced that of the 38 enterprises put up for sale, transactions have been concluded for 13.

Even this number proved to be too high: In at least one case, the buyer had already withdrawn at the last instant. The company involved was the Transbud Transportation-Equipment Enterprise which was in the first July group of invitations to negotiations published in the press.

The partner agreed to the contract conditions, i.e., payment in cash of 40 percent of the negotiated price and payment of the remaining sum over four years (with a one year grace period). He retreated when it turned out that the interest must be paid in advance. He decided that the need to put down 4.5 billion zlotys (Z) this year made it impossible for him to invest in the purchased enterprise; then in the middle of December 1991, he withdrew from the transaction, without any negative consequences for him.

Things are different from Transbud side.

"I was required to liquidate the enterprise in order to sell it," said Danuta Puzio, the firm's liquidator. The first negotiation began in August and since then, it has not been allowed to make any decisions as regards releasing people, increasing wages, lease agreements, etc. There was a total stalemate for decision making, and also it is not known what will happen with the enterprise. No one else is interested in buying the enterprise, and the parent body, the Ministry of Construction and Regional Planning, has not made another offer to sell the enterprise. If a buyer could even be found, the negotiations would last several months, and the situation at the firm, which is losing money, is dramatic.

In the opinion of Danuta Puzio, the principles for rapid sales of enterprises should be somewhat different. The potential buyer should pay a surety bond before beginning negotiations; he should also bear the consequences of breaking off the talks. The talks of the representatives

of the parent body must follow another course with the buyer. Under the current law, only the enterprise and its employees suffer.

The situation is completely different in the case of the former Malbork Chemical Plant, which was sold in the fall of 1991. Its current owner is the Komers partnership, and the enterprise is now called Komers-Organiq. The new owner does not manage the firm directly; its interests are represented by Director Zdzislaw Leszczynski, who also was director prior to privatization. The factory which employs 240 to 250 people used to produce polyurethane foam, and processed thermohardening and thermoplastic materials. What it will do in the future is not known; the decisions will be made after the completion of studies being done by three consulting firms: a Polish one, an English one, and an American one, all hired by the new owner. At present, it is known that only a portion of the current production will be continued, but the entire firm is awaiting a far-reaching modernization, for the owner intends to invest a significant amount in it.

The fate of the Installation-Assembly Work Enterprise for Agricultural Construction in Myslowice has gone still another way. It was purchased by its own employees, who formed a partnership. The final contract and transfer of the firm is expected by the end of January 1992.

Andrzej Zukiewicz came to the firm 18 months ago as director; he was chosen through a competitive process. The firm had lost Z2 billion, and it was threatened with liquidation.

He began to get it out of its crisis so that, as he says today, no one would buy it for nothing. Prior to privatization, basic organizational changes were made as were changes in the style and method of work. Thanks to this, it was possible to reduce costs and the price of their services. As a result, the firm became competitive. At present, it cannot complain of a lack of work. As before, the Installation-Assembly Work Enterprise, Inc., does installation and assembly of electrical, sanitary, and gas systems.

Director Andrzej Zukiewicz says he wants to hire about 50 new people. They have sold none of the assets of the old state enterprise; they do, however, want to form another firm that will take over the unused buildings and halls previously used for auxiliary production.

Germans Build Housing Developments

92EP0193A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18-19 Jan 92 p II

[Article by Barbara Cieszewska: "The Germans Are Building in Poland: A Self-Sufficient Housing Development"]

[Text] A cheap, energy efficient, ecologically clean housing development will soon stand in Ruda Slaska in the Katowice Voivodship. In the spring, the German firm Dialog Bau, which along with Siemens and the firm

MAN developed the model of a so-called island housing development for its energy self-sufficiency, will begin construction. The Germans have offered their own technology, including a minipower generating plant, which consumes 10 times less energy in comparison with conventional sources.

They also claim that 75 percent of the energy supplied to the housing development will come from the environment, ground heat, sunlight, rain, etc. They also expect to build a sewage treatment plant for the development, and the plant should guarantee the final recovery of almost crystalline pure water.

The development, which is designed according to the most up-to-date standards of world architecture focuses on coziness and the degree of adaptation to human beings, includes a little square with alcoves, and it will consist of 326 single-family houses and multifamily buildings for 728 apartments, whose surface area will range from 60 to 110 m². The development will also have collision free pedestrian traffic, and the garages will be located in the basements both of the single-family and multifamily buildings. Half of the 23 hectare area of the development is earmarked for, among other things, recreational areas, playing fields, a natural water reservoir, tennis courts, etc.

The final discussions on financing construction are underway. Low-interest loans (about 12 percent) have been obtained from the funds which the German government provided Poland three years ago. The amount was on the order of 3 billion German marks [DM], of which only a small part has been used to date. A loan guarantee has also been obtained from the Hermes insurance company.

Loans for this development will also be arranged through the Deutsche Bank through an accord with the Polish Security Bank. Talks are being held on the regulations and principles for proceeding with the financing for the investment. The investor is the Rudzka Housing Cooperative; it will also sign contracts with the future tenants. Depending on the standard, the estimated cost per square meter will be from about 6 to 7 million zlotys [Z], and Dialog Bau says that the cost will not increase for the next two years regardless of the inflation in Poland.

A future resident must make a down payment of 20 percent and will receive a loan for the remaining 80 percent, which will be payable over 20 to 25 years. Specialists for Dialog Bau say that the cost of living in the apartments and houses, including electricity, heat, and all user fees, including the loan payments, will be Z1.5 to Z2 million monthly depending on the surface.

The Housing Cooperative in Ruda Slaska is already receiving inquiries from interested individuals. The Germans say the last resident will move into the development in two and one-half years. The firm intends to build 10 such developments in Poland; each for 1,000

families. German businessmen asked about the profitability of this undertaking only said that obviously they intend to make money and also they intend to gain a new market.

Future of Coal Mining, Export Issues Discussed

92EP0204A Warsaw RYNKI ZAGRANICZNE in Polish No 10, 23 Jan 92 p 7

[Interview with Henryk Pyszny, executive director of the Weglokoks Foreign Trade Agency, by Henryk Nykiel; place and date not given: "Coal Interests"]

[Text] [Nykiel] Forty years have passed now since the Weglokoks Foreign Trade Agency (CHZ Weglokoks) began its operations, but the Polish coal export tradition goes back further....

[Pyszny] Yes, back to 1924, when it set up foreign sales. Coal was and will remain one of the basic Polish exports. Our company came into being in January, 1952. It took over the tasks of the Export Office which had previously been part of the Coal Sales Agency. During Weglokoks' first decade, it exported between 24 and 26 million tonnes per year.

During the 1960's, the expansion of inexpensive crude oil cut exports of power coal to Western markets. Sales decreased by about 10 million tonnes at that time, but exports showed continuous growth during the following decade. After a short crisis in deliveries in 1981, when we exported barely 15 million tonnes, Poland quickly built up its high position on the international coal market, exporting coal to more than 60 countries.

During the past few years, Weglokoks and its partners have worked out a form of cooperation that provides mutual benefits. Weglokoks has created a network of foreign representatives in those countries that are the largest importers of Polish coal. The agency has over a dozen companies, delegations, and representatives, for example, in Sweden, Austria, Germany, Brazil, Italy, Denmark, Finland, Russia, and Czechoslovakia.

[Nykiel] Weglokoks' 40th anniversary falls during an especially difficult period for the Polish mining industry and the whole economy. What impact is this situation having on the agency's operations?

[Pyszny] Coal mining has been showing a consistent decline since 1989, which obviously has a basic influence on export capabilities. Foreign sales are continually decreasing. Our exports declined from 28.9 million tonnes in 1989 to 18 million tonnes in 1991. The decline in extraction is the chief barrier, but there are still many other factors restricting foreign sales. Domestic prices are going up drastically, while prices on foreign markets are basically remaining the same or increasing slightly. In this situation, given the fact that the rate of exchange on the dollar is not going up so fast, export is no longer profitable for the mines. If there were domestic sales, and if customers paid on time, then even today the mines would surely not have any great interest in export.

[Nykiel] Are profits really that bad?

[Pyszny] Profitability is constantly declining. This applies to all item assortments, including graded coal, which still bears the burden of a 20-percent turnover tax when exported. After the 65-percent increase in railroad transport charges at the beginning of 1991 and the further increases in domestic coal prices alongside a stable rate of exchange on the dollar and other Western currencies, receipts on coal exported by sea began to fall below domestic prices. The elimination of the export tax on coking coal and the 17-percent devaluation of the zloty last May only temporarily eased the situation. In September 1991, receipts from coal exported by sea were between 46,000 and 100,000 zlotys [Z] per tonne below the current domestic prices FOB [Free on Board] the mines. Shipments by rail to the countries of West Europe are showing borderline profitability. On the other hand, exports to the south, to Austria and Czechoslovakia, are entirely profitable, owing largely to the short transport distance.

[Nykiel] The agency and the mines now have great freedom of action. They can sell to whomever they wish and as much as they wish. Does this apply to exports?

[Pyszny] No, that's not true. If that were actually the case, then last year, Weglokoks would have exported 28 million tonnes and not 18 million tonnes, because that was the size of the contracts we made with foreign customers, and that was the supply assured us in contracts signed with the mines.

We have to obtain a separate export permit for each of our contracts. The Ministry of Foreign Economic Cooperation issues the permits, based on export coal allocations assigned by the Ministry of Industry and Trade, according to the national coal situation. Because there is no accurate current balance sheet for coal in Poland, the setting of export quotas is delayed, and the figures are very conservative, out of concern to see that domestic market needs are met. The first export permit for 1991, just for the first quarter, was not issued to us until 28 December 1990, although we had entered into contract negotiations earlier with foreign customers, and the permit for the period beginning 1 April was not awarded until 11 April 1991. In each case, this situation created delays in preparing shipments to go by sea and rail. The holdup in each instance was the result of delayed decisions concerning the size of coal export allocations. In order to obtain favorable prices, you have to know the size of the export pool in advance. You don't sell coal the way you sell fruits and vegetables.

[Nykiel] Two years ago, Weglokoks ceased to be a monopoly. Polish coal can now basically be exported by anyone....

[Pyszny] That is true. According to the information we have, our domestic competitors exported about 1.2 million tonnes last year. In 1990, besides Austria and Germany, markets such as India, Spain, Turkey, and Yugoslavia enjoyed the interest of "new" exporters of Polish coal.

Last year, there was no longer any interest in overseas markets. Insofar as coal is concerned, domestic competition occurs almost exclusively on those markets that are most attractive in terms of price: Czechoslovakia, Hungary, Austria, and Germany, and, for coke, the Russian market. Czechoslovak electric power plants import Polish coal through our distribution channels. The importer actually dictates the conditions, not the exporter.

It is disadvantageous to have several channels offering the same commodity, because then the price level goes down on the various markets. I think that a single organization should be entrusted with waging the appropriate pricing policy.

[Nykiel] In previous years, the Coal Sales Agency was a partner of Weglokoks. It allocated the overall pool of coal for a given year. Is that no longer true?

[Pyszny] We have direct contracts to deliver coal for export from over 60 mines. These are multiyear contracts, in which the amounts are set each year. Because the agency has contracts with nearly all the mines, by shaping for all the mines the appropriate ratios of advantageous overland deliveries and disadvantageous sea deliveries, the agency can bring the average revenue for a given mine closer to the prices in effect for sales to domestic customers. Cooperation with Weglokoks is a good thing for the mines, if only because the agency provides for prompt payment for exports and for sales of all types and grades of coal by averaging the prices of shipments by land and sea. Weglokoks' guarantees and surety for investment credit are also important advantages to the mines.

[Nykiel] What is the current situation like on the international coal market?

[Pyszny] World turnovers in coal have increased by 4-5 percent annually in recent years. Last year exports by sea amounted to about 361 million tonnes. The nuclear power industry is encountering an increasing number of opponents. There is the opportunity for coal to maintain its previous position as one of the basic vehicles of power. Experts' assessments concerning world trade in coal over the next 10-20 years differ in terms of details, but the experts agree on general assumptions. The projections are that the growth rate of the demand for coal will be slower than during the 1980's and that there will be larger increases in the demand for power raw materials but only a slight increase in the demand for coking coal.

[Nykiel] What is the assessment of the possibilities for Polish coal exports, in the context of these forecasts?

[Pyszny] The possibilities are considerable, if only because of the geophysical location of Upper Silesia, the largest coal basin in Europe next to the Donetsk Coal Basin. Coal is one of the few Polish exports where the EEC and other importing countries have no import restrictions or limitations. Traditionally, coal has been one of the few commodities exported from Poland that

has always been sold at prices above or equal to the competition rather than below the competition's. The Far East and, to a lesser extent, Europe, will be the primary participants in increased world demand for imported coal. As far as Europe is concerned, we should expect a rise in the demand for power coal. The demand for coking coal will show less of an increase. A realistic assessment of the possibilities for Polish mining leads to the assumption that it will be difficult to increase Polish power coal exports, even though there will be a rise in power coal exports to European consumers from other directions. We can, however, expect to maintain our position in supplying the market with coking coal.

[Nykiel] In the situation where coal mining is continually declining and domestic prices are increasing, isn't Weglokoks in danger of going from an exporter to an importer? There has been talk for some time now calling for an end to exports, given the fact, so they tell us, that it is possible to import coal more cheaply, at a price of \$10-20 per tonne.

[Pyszny] If that were so, then Polish coal would have no chance of being sold at the prices we are getting. This pricing information is untrue. Weglokoks has also been an importer for a long time, an importer of natural gas. Last year, we contracted with the former USSR to receive nearly 8 billion cubic meters of gas. We also brought in imports from that country for many years to meet the technological needs of Polish coking plants, including about 1 million tonnes of grade K coking coal for the Sendzimir mill's coking plant. We gave up these imports altogether last year, in connection with the transition to clearing accounts in free currency.

At the present time, grade K coal would have to cost between Z650,000 and Z700,000 per tonne, far more than domestic coal. We also calculated possible imports. According to the calculations, given the present situation, coal imported to the center of Poland would be between Z150,000 and Z200,000 per tonne more expensive than domestic coal. The people calling for an end to coal production and exports and for importing coal instead don't talk about where the money for these purchases is to come from. Coal exports are still one of the basic sources of foreign exchange. Even last year, which was one of our weakest, Weglokoks received more than \$873.5 million for coal exports. When we add sales of coke, the total is nearly a billion dollars.

[Nykiel] And what do you think of the possibilities of exporting coal this year?

[Pyszny] The demand from foreign customers would make it possible to place between 30 and 35 million tonnes. Weglokoks is in a position to obtain contracts for between 25 and 30 million tonnes, but export possibilities depend on the size of production and internal demand. If we figure on extraction of between 140 and 145 million tonnes and domestic demand of about 120 million tonnes, then this year's exports could remain at last year's level. It is difficult to say just now what will actually happen.

[Nykiel] Thank you for the interview.

Solaris High-Technology Group Profiled

92EP0194A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 16 Jan 92 p IV

[Article by Zbigniew Zwierzchowski: "The High-Tech Industry in Poland: What Are Our Chances?"]

[Text] The combined investments of the Solaris Technology Group in the high-tech industry in Poland exceed \$15 million. The name of the firm, or rather, the holding company, does not indicate that it is primarily made up of Polish companies. There are seven companies in all and they are young enterprises which have been in operation for under a year.

Two German firms and one from Liechtenstein also belong to the holding company. The entire group is involved in the production of electronic, optoelectronic and optical products and subassemblies. But neither Solaris' investments until now nor its production assortment is the last word for this company, since even this initial period of the firm's activity is perhaps a confirmation of the validity of the developmental forecasts or proposals for high-tech industry in Poland.

Such proposals are formulated in academic and some industrial circles. While they certainly cannot be relegated to the category of "wishful thinking," as a rule they may be considered to be very optimistic, perhaps overly so. Is it possible, then, to create isles of modernity and to forget about the bleakness of our industry, which in terms of technology is lagging by at least a generation?

Quite Simply, It Is Profitable

The authors of a PAN [Polish Academy of Sciences] paper entitled "Poland in the Face of the Modern Challenges of Civilization" go the furthest in assessing the role of the high-tech industry. They assert that this is the "main and most advantageous developmental option in Polish industry." The exceptional economic effectiveness of such an industry is supposed to confirm this thesis. Its share in Polish production and export is still small, not exceeding 4 percent (in developed countries it is fivefold to tenfold higher), but all other indicators confirm the importance of the role of the high-tech industry for Poland. Economic ratios in the high-tech industry are more favorable than similar averages in the processing industry: by 30 percent for the ratio of net production to gross production; by 20 percent for labor productivity; by more than 15 percent for materials-intensiveness; by 75 percent for energy-intensiveness and by 20 percent for the profitability of obtaining foreign exchange in export. In the opinion of the authors of the paper, which was prepared out of a PAN Presidium initiative, the best opportunities are: in microelectronics—the production of specialized systems, or of systems jointly designed with the participation of the consumer; in optoelectronics—the production and installation of photoconductive lines based on domestic

and imported subassemblies and equipment; in automation and robotics—the development of programs for primary control and for aiding decisionmaking; in energy electronics—the production of semiconductors and electronic energy equipment; in biotechnology—the production of diagnostic tests, vaccines, medicines and microorganisms for the needs of environmental protection, the food industry and the fermentation industry; in materials engineering—the production of ceramic materials and composites. Experts have noted these fields, among others, and have formulated the thesis that for long-term developmental strategy, the high-tech industry can play the role of one of the new “driving forces of the economy.” The experts conclude that implementation of this task is contingent upon the granting of special aid to these fields by the state and upon the development of solid coproduction on a European scale or in a group of several countries.

Promotion Indispensable

However, even the best prepared forecast is only a prediction and reality may or may not supply the content. Wieslaw Galus, chairman of the Solaris Supervisory Council, confirms the hopes that are linked to the high-tech industry, but in his opinion, the operational potential and the conditions under which it is working and will work are more important. According to W. Galus, a basic obstacle is the fact that on international markets, Poland is not considered to be a source of new, advanced technologies. South Korea and Taiwan, not to mention Japan and other powers, are promoted as high-tech countries. Without the necessary promotion, it is difficult to sell even the best products. Thus, we are faced with two strategies: major investments in preparing production, in implementation and in promotion (but Poland will not be able to afford this for a very long time) or real contacts with foreign firms, permitting foreign capital to enter and offering it our production potential. Can we be so afraid of two or three foreign strategies which are found in the running of factories? After all, the workplaces will still be here with us and the head managerial staff will be native Poles for the most part, says W. Galus.

One of the companies in the holding company is Vigo Sensor, which handles production and applications of energy transformers, frequency converters—equipment which makes it possible to adjust electrical power received by large motors, industrial ventilators and the like to their actual load. Up to 40 percent of power is saved in this way. In developed countries, over 60 percent of power is used in converted form. Thanks to Vigo Sensor and others this possibility is arising in Poland as well. Equipment costs range from 200 million zlotys [Z] to several billion zlotys. For large electrical plants such as Koziernice, this would be a relatively small investment, given the potential savings. The problem lies in the fact that the bank accounts of electrical power plants and thermal electrical plants are

empty. For this reason, Solaris is prepared to offer the installations on credit, renting them out on a lease. This is likewise in the interest of the firm, which wants such useful and modern products to be used. These products are manufactured on a coproduction agreement with the ESTEL factory in Tallin, using elements from the Warsaw Lamina Plant. Most importantly, they are adapted to the consumer's needs by Vigo Sensor specialists. Their solutions are advanced technology in the field of industrial automation.

On Other Markets

Equipment utilizing laser capabilities in its operation is the domain of another company—Solaris Laser. This company has been in operation under a year. During this time it has developed five new products, equipment for marking various types of materials and products, for example tools to engrave inscriptions and drawings on large and small surfaces. This type of equipment may be used on the production lines of large factories; however, recently a laser marker was developed for small handicraft plants. Only several examples of such equipment have reached domestic consumers, despite the fact that interest in them is great since they make possible the modernization of technological processes. However, because of the recession, says Solaris Laser director Lech Boruc, “we have begun to sell our equipment exclusively to Germany. Of course we do not operate alone there, nor do we place our products there at a reduced price. No one would ever purchase such modern equipment if the price were suspiciously low. The price of large laser markers ranges from 140,000 to 160,000 marks, while the price range for small markers is one-fourth of this. These products include a share of Polish knowhow and certain elements; meanwhile a portion of the subassemblies, laser and otherwise, comes from renowned world firms.” According to L. Boruc, in this way our high-tech products are produced not only here in Poland. For this reason, the firm, which employs approximately 20 persons directly, but coproduces with Polish and foreign industry, can produce products with a very high per unit value.

The group of Solaris firms is young enough so that its chiefs cannot yet allow a detailed discussion of operational strategy. In spite of this, Chairman W. Galus openly admitted that the holding company is interested in using the production potential of the Unitra CEMI Plant, in its Warsaw Sluzewiec Street and elsewhere, and the potential of the Lamina Electronic Plant in Piasczeno and in acquiring possession of this potential. Solaris works together closely with both enterprises. It is acquiring orders and building production programs, among other things. Solaris announced its desire to purchase these companies to the Ministry for Ownership Transformation Affairs in mid-1991. Where will the holding company get the money for this? Solaris itself does not have such capital, but it has credit capability and a foreign capital network, said W. Galus.

PAC Chief Manolescu Reviews Political Situation

92BA0506B Bucharest *TINERETUL LIBER*
in Romanian 30 Jan 92 pp 1-2

[Interview with Nicolae Manolescu, chairman of the Civic Alliance Party, by Lucian Cristea; place and date not given: "No One Is Destined To Be Born and To Die a Mayor or a Head of State"]

[Text] [Cristea] Mr. Nicolae Manolescu, in a short time your name has become very well known in politics. What prompted you to make this transition from the world of letters to the stormy world of politics?

[Manolescu] Toward the end of the 1970's and the beginning of the 1980's the only free elections in Romania were held by the Writers' Union; we had to fight the authorities hard to secure our system of elections, but we did, and it was not dictated by the PCR [Romanian Communist Party]. During those days and nights I realized that I liked doing this sort of thing, but I had no idea that the day would come when I would do it outside the walls of the Writer's Union. I suspect that in this connection you will ask what prompted me to enter my candidacy for the presidency. It was not one single thing that prompted me to run. I am, of course, the head of a party, I am a politician, and the Constitution allows every citizen to enter their candidacy, so I had many reasons to do it. And generally, once I begin something, I finish it and I try to do the most I can and the best I can. This is not just a game, and running for such a position is not an unadulterated pleasure; it is difficult, it's a test that the Civic Alliance Party [PAC] will take through me and a test I take toward myself and the others. After all, I assumed a responsibility and I don't think that a responsibility can be assumed in slices. In other words, I cannot take responsibility from this point to that point, i.e., the responsibility to establish a party and to be head of this party, but no further. That cannot be done, one has to take the responsibility to the end. And if I think that we are an important party, inevitably I have to enter the race.

[Cristea] What is your reading of the almost two years we have lived through since the elections of May 1990?

[Manolescu] It would be unjust to say that nothing has changed in this country. The extraordinary fact is that we have managed to inculcate in this country and in ourselves the idea that there is an alternative. Now, voting for the current government or for the current opposition is a genuine and reasoned choice, rather than an emotional one. Two years ago we did not have that feeling. We knew that we could vote for or against the Front, but we also knew that however we voted, the result was almost certain to be the same. I think that today the situation is different. Now we know that it is up to us to bring the people we want into the administration, the government, or higher. Of course, not in every situation and every place, but in very many situations and places we can do it. I regret to have to say that in the elections of 20 May 1990 the opposition did not lose because of fraud; that much should be clear. The "electoral fraud"

was due to the opposition's lack of organization, unity, and persuasion. In the new conditions, we can win; there is something else I would add if I were studying the situation of this period. A genuine democracy must be built from the bottom up. Under communism everything was done from the top down. Someone knew everything and told the others what to do. The results are known to all of us. Never did any of those who represented the power suffer the consequences of their actions. The same happens today. We see all the mistakes that are being made, some avoidable and others unavoidable, but no one is called to account for them. Every time something happened, some event that darkened our hearts, a scapegoat was sought and the blame was placed on someone else. Neither the government, nor Parliament, nor the president of Romania suffered any consequences, as if they had not been in power when a given event occurred. Bearing the consequences of one's own actions is one of the fundamental principles of a democratic society.

[Cristea] Since you mentioned democracy, I would like to dwell for a moment on this, without sidestepping what interests all of us now: the local elections.

[Manolescu] There is somewhat more now than in the past, like the fact that the mayors and councilors will be elected, not appointed, because in a democracy everyone must be given a chance. When I was a child, at the beginning of elementary school, I witnessed free elections, free in theory, in 1946. I kept seeing all kinds of bits of paper stuck on house walls, reading "Vote for the Eye," "Vote for the Well," "Vote for the Sun," which I was proudly spelling out. At one point—I was with my father in the street—an airplane passed overhead and dropped electoral propaganda leaflets. Although I wasn't more than eight years old, I was surprised that the only thing printed on the leaflets was "Vote for the Sun." I asked my father why they were dropping only leaflets with "Vote for the Sun." I never forgot his answer: This is the state. From that moment on, to me the state became something that keeps dropping things on me, some more pleasant than others. For 40 years we've had the opportunity to ascertain that. The state kept dropping things on our heads. Well, democracy begins when the state is no longer somewhere above our heads. True democracy begins when the state is us. A well-known 19th century political scientist said, "We can imagine one day building a society in the world in which all the citizens will have equal rights before a law whose authors they can believe they are." That there will be no difference between the individual and the state. There is no difference. This explains why the democrats very clearly state that the administration is at the disposal of the citizen, not the other way around, but we must first convince ourselves of that, before in turn we can convince the mayors and councilors we will elect. We must first straighten our own spine and shoulders when we step into city hall, telling ourselves that we are going to those we elected to serve us. We must no longer go in head down and package in hand. We cannot ask that the administrators and rulers change before we change ourselves. The administration, government, Parliament

members, and the president are nothing but our protection. I cannot say that they are those we deserve, it would be nice if a nation always had the rulers it deserved. We Romanians would have been a happy people. Unfortunately, they are our protection in a more complex sense. They protect not only our strengths, but our weaknesses, too. They protect our cowardice, not just our courage; we must straighten our backbone and tell them, we elected you to serve us, serve us honestly, not because we won't elect you again. After all, a person is not destined to be born and to die a mayor or head of state. That is the natural relationship in a democratic and civilized world.

Dragan on Business Activities, Foundation Goals

92BA0496A Bucharest NATIUNEA in Romanian No 4, Jan 92 p 3

[Interview with Prof. Josif Constantin Dragan by Manolio Contri; place and date not given: "My Heir Will Be the Foundation"]

[Text] Prof. Josif Constantin Dragan does not want to tell his age. He says it is between 50 and 70. But an enlarged photograph at the Foundation's headquarters in Rome, which faces the Forum of Trajan in sight of the famous column, gives him away. It shows him at about 20 years, together with his schoolmates and teachers, at the period of the closure of Lugoj High School in Romania in 19.... The date is written on it but we would not want to reproduce it because it would be discourteous.

[Contri] Professor Dragan, tell us about your youth and the start of your business.

[Dragan] My father was a tanner (of hides). Mother was a housewife. Both were very active in social affairs. My father was president of the Tanners' Guild. I never experienced the feeling or emotion that receiving a salary gives you because I always managed my incomes myself. And fancy that at the age of 12 I already had my bank account, to which I added the little that my father gave me, and I invested profitably all that I earned from my work. My father removed the pieces of hide coming from the calves' heads because that part of the hide is stiff. I collected those pieces, cut them as I had learned to do, and sold them to shoemakers, who used them to repair the soles of shoes. I sold other useless pieces, after doing some sewing on them, to my friends as purses. But I told everything about my youth, or almost everything, in my book *From Dracula's Country*.

[Contri] But your studies, Professor Dragan?

[Dragan] After I received my law degree and finished my military service, I acquired a scholarship and went to Italy in 1940. I enrolled in law courses and studied with Professor Giorgiu del Vecchio, of whom I am still a friend and admirer.

[Contri] I believe you also began your business success in Italy.

[Dragan] Yes, I began by shipping lamp black. Then I went on with everything and in the second half of the 1940's I began to deal in liquid oil gas, a bottled fuel that replaced coal for household use. The volume of business is about \$500 million a year. Butane Gas, headquartered in Milan, has over 300 employees.

[Contri] Your work takes you through many countries. You are a cosmopolite. How many languages do you know?

[Dragan] I speak and write in six languages. I hold conferences in Romanian and Italian, of course, but also in Spanish, English, French and German.

[Contri] Where do you generally live?

[Dragan] My business takes me to various parts of the world, from Europe to the two Americas and to Africa. But I go to the Balearic Islands whenever I can. I have a villa in neocolonial style in Palma de Majorca. It is a large house built at the beginning of the 1930's. Its owners, the Ballester brothers, made a fortune in Argentina. They died unmarried and did not live to enjoy it. I bought it in 1960 from their heirs, of whom there were over 30. It was lovingly furnished, it has a splendid view of the Gulf of Palma, and to me it is my home. All kinds of wild speculators came who wanted to demolish it in order to build apartment blocks, but I rejected them. I was not interested in the money they offered me. My house is priceless to me, and I notified them in writing that I had given up the right to build. Today that house of mine, along with Nazafet's building, are the only beautiful things that have been preserved there on the seashore. I hope that some day I will be made an honorary citizen of Palma de Majorca for that reason.

[Contri] To get back to the previous question, where do you spend most of the year?

[Dragan] On planes, and I live in 10 different countries. When the English author Orwell published his book *1984*, in which he almost announced the end of the world, I decided to take measures for my safety. I wondered whether one can live more safely in America, and I bought a house in Canada, in the center of Montreal. It is a veritable palace with 23 floors and I bought it at a really reasonable price. I am a fortunate man!

I began as a student with a scholarship and patched pants, and today I am exporting electronic equipment to 42 countries, in addition to butane gas. But outside of business I am interested in culture, which occupies me more and more.

I am a convinced, public European and since 1950 I have been circulating the monthly journal *BULLETIN EUROPEEN*, a free forum of the Europeanist movement that has a French edition circulated in over 50 countries and an Italian edition as well.

But it is certainly unnecessary to tell you about the *BULLETIN EUROPEEN*, since you are one of its active supporters. Instead, I will tell you about my interest in

studying the ancient peoples of Europe and especially the Thracians, the first inhabitants of my native land, Romania. I have done research and written a book about their history, and I am publishing a study of the origins of the European peoples that supports their origin in the Arctic regions, on the basis of the sources.

[Contri] Now let us talk about the European Foundation, which bears your name and which is clearly a daughter of your true Europeanism and of the discovery of the cultured man that you are.

[Dragan] I founded the Foundation in 1967 in my father's memory, with the intention of developing regular instruction because of my conviction that no effective political union of Europe can be achieved without forming a common awareness by imbuing European culture with that heritage which the European peoples, although differing in language, have accumulated in the course of so many centuries through their contributions of traditions and civilization.

The main activity of the Foundation is conducted in its imposing headquarters in Rome, which I intend to make the coordinating center of the activities of the other offices, first among which are those in Milan, Bucharest, Palma de Majorca, and Madrid.

[Contri] What is the end purpose of the Foundation?

[Dragan] We must begin to create a European Cultural Community in which all 29 of the countries of the old continent will participate, because I am not convinced that the cement of a common culture alone can help to build the great structure of the European Confederation.

You see, I have been and still am a merchant and an economist, and as such I am inclined to see things as they will be in the future, and that not only in the field of business.

The BULLETIN EUROPEEN was founded in 1950, because of my youthful indignation at the outrageous Yalta agreements, which allowed Stalin to impose communism upon and colonize the countries in Central and Eastern Europe. Today Yalta is no longer anything but a memory and those countries are free again.

The idea of a European Cultural Community, which led me to present a proposal and a plan to the Council of Europe in 1969, was a suitable and right idea but it was premature. It aroused great interest and it was discussed, but it was nevertheless not adopted. Love for my country, Romania, was another reason that led me to do it, because I was convinced that it was the only way at the time to return Romania along with the other country's under Moscow's domination to the lap of mother Europe, at least through the intermediary of cultural contacts.

[Contri] Professor Dragan, we have talked about you as a businessman, a Europeanist, and scholar, one who does not forget his native country. You have created an economic empire and an organization to which you have

entrusted a great European and cultural mission. But who will carry on your work? Who will be your heir?

[Dragan] I have no descendants, even if it is not too late for that now.

In any case, I do not agree with legacies because I think everyone should live according to the possibilities afforded him by his work, asserting himself and occupying the position in society that his competence allows him.

For that reason my heir will be the Foundation, which bears my name and will carry on my ideas.

[Contri] People will wonder why Professor Dragan works so hard.

[Dragan] That is a question that only simple people entertain.

Every one of us, greater or lesser and cut out by nature in such different ways, has a mission that is the very purpose of living, and in order to accomplish it we must act according to the possibilities that we have. I enjoy work more than anything else. Every day is another brick added to my structures and I am never bored. My life is that interesting!

[The following list of Josif Constantin Dragan's publications appears at the end of the article.]

Books on the shelves of the Romanian Academy Library: *Europe and the Roman World; The Spanish and the Romanians*, 1966 (II 531.074); *Au service de l'Europe* (preface d'Alexandre M. Randa), 1971 (II 688.900); *Metodi di ricerche di mercato sul petrol*, Seconda edizione, 1971 (II 688.900); *Marketing for Africa's Development*, 1972 (II 581.667); *Through Europe* (preface by Traian Filip), Eminescu Publishing House, 1973 (II 573.785), translation into Hungarian published by Dacia Publishing House, 1976; *Romania, Country of Two Worlds*, 1973 (II 632.426); *We, the Thracians. Multimillenary History of the Romanian People*, Volume I, Romanian Writing Publishing House, 1976 (II 598.195), second edition, 1979; *Ideals and Destinies. Essay on the Evolution of European Awareness* (with a preface by Zoe Dumitrescu-Busulenga), Romanian Book, 1977 (I 632.570); *Les roumains, peuple multimilenaire de l'Europe*, 1983 (II 689.007); *The World Mission of the International Marketing Federation*, 1987 (II 692.939); complete collection of the journal NOI, TRACII; complete collection of the journal BULLETIN EUROPEEN.

Note: Request these books and journals in the reading rooms. They are no longer in the "secret holdings." The author will donate his complete works to the prestigious institution.

Situation of Ethnic Romanians in Yugoslavia

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[Interview with Pavel Gataianu, chairman of the Romanian Community of Yugoslavia, by I. Medoia in Yugoslavia; date not given: "The Romanian Ethnic Community of Yugoslavia May Disappear in the Next Few Decades"]

[Text] [Medoia] Mr. Pavel Gataianu, you are a popular man of letters, writer, and Romanian language publicist with the Novisad radio station, and recently you became chairman of the Romanian Community of Yugoslavia [CRY]. As such, please tell us about the organization you lead.

[Gataianu] The CRY was established at the end of 1990, after several public debates, simultaneously with the current for democratization in our country, and its purpose is to preserve the national and cultural identity of the Romanians living here. In order to better incorporate the Romanians of the approximately 10 large communes of the Yugoslav Banat, we decided to draw most of the Romanians in order to be able to sit in Parliament in keeping with the Electoral Law. We also thought it useful to draw all those who love the Romanian people, including Serbians and other ethnic groups with which we have good relations. We are primarily interested in education in our mother tongue, culture institutions, and everything that has to do with our national identity: culture, folklore, costumes, language, and so forth.

[Medoia] As I was able to note on the spot, the organization you lead in Yugoslavia can fully assert itself and has even a generous statute.

[Gataianu] So far CRY counts over 1,200 members, but this figure does not tell everything. More important to me seems the fact that we have branches in the most representative localities: in the Virset area in northern and central Banat, at Uzdin, Sutiesca, Torac, Iancov, Mostu, Simmihai-Locve, Vladimirovat, Costeiu, Satu Nou, and others, and we also plan additional branches that are now in the process of being established.

[Medoia] Can you already draw up a first balance sheet of CRY's activities to date?

[Gataianu] Yes, I can, because until now there existed no close relations between the motherland and the Romanians here, especially since the Romanians across the border did not support us or help us in our time of need. Once the social relations and the totalitarian system in Romania changed, we achieved a certain openness, so that for the first time we were received by Romanian Foreign Minister Adrian Nastase in Belgrade, where we discussed many issues that trouble us. We have also been to Bucharest, where we contacted the organizations that deal with Romanians abroad. We received some aid, too, in the form of books, eagerly awaited in our libraries. I want to point out that since 1960-80 we have not had any major works of literature. They

stopped being printed in the Yugoslav Banat. I am referring to Eminescu, Creanga, Sadoveanu, and so forth. Only here and there, when someone brought over a book, but we could do nothing in an organized manner. At one time we also had an exchange program for teachers, which must be resumed, as well as one for journalists, considering the rather poor language spoken here. And as we know, without the language nothing can be lasting or touch the heart. The language can be learned only in a favorable environment, primarily in school, and we have few Romanian-language schools. More precisely, only 11 localities have elementary eight-year schools, while the rest have only four-year schools. Most of the Romanian schools disappeared and the students were forced to move to Serbian classes. That explains the fact that this year the Romanian schools in 28 localities (compared to 39 in past years) are attended by merely...1,861 students. We have only one normal school at Virset that teaches in Romanian, but no Romanian high school. In the past four years alone over 800 Romanian language students disappeared from the attendance book.

[Medoia] Should we conclude that the schools are in the greatest trouble?

[Gataianu] In my opinion, the greatest trouble in Yugoslavia is the small number of Romanian speakers, which is alarmingly dropping from one year to the next. During the recent census it was surprisingly found that we had only 37,000 ethnic Romanians left, compared to approximately 60,000 in 1971.

[Medoia] University Professor Sasa Chitosev of the Novi Sad Institute of Geography and an expert on the subject, predicted that in the next 60 years the Romanian nucleus in Yugoslavia will disappear. Do you share his view?

[Gataianu] I think it will disappear even sooner. I am relying on the fact that each year at least one school disappears and gradually all the schools are shrinking to half size. For example, I don't know how long the Romanian school of Virset will last, it has so few students.

[Medoia] Are there also other reasons for the disappearance of the Romanians from Yugoslavia?

[Gataianu] Many, perhaps most of the Romanians from the Yugoslav Banat, are working outside the country. They are working in many countries of the world, including the United States and Australia, and many stay there for good. I am most familiar with the situation in my native village, Simmihai (Locve), where two out of each family have seasonal work abroad. I think that only half of the 3,900 inhabitants are still in the village. Some have even been naturalized in the respective countries....

[Medoia] How do you think the brothers on the other side of the border, in Romania, could help you?

[Gataianu] The Romanians can help us primarily with scholarships for education. We already have 50 students

enrolled at various universities in Romania. They are learning the language and getting accustomed to Romanian ways, and some have even married Romanian girls, and when they return we'll have a larger number of intellectuals. The trouble is that we have very few intellectuals, and those we have lack breadth. For example, we have good writers and linguists, but no sociologists, literary or art critics, and so forth. On the

other hand, Uzdin here is the center of naive art, the European center, I would say. In fact, very little is known in Romania about our Romanians in Yugoslavia, many of whom are valuable people. Perhaps only up to around Arad, Resita, and other localities in Banat, otherwise the motherland hardly knows that we, the Romanians of Yugoslav Banat, exist. There are, of course, exceptions, but it is sad anyway....

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